

CORCEPT THERAPEUTICS INC
Form DEF 14A
May 07, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

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Corcept Therapeutics Incorporated

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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No fee required.

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Corcept Therapeutics Incorporated

149 Commonwealth Drive

Menlo Park, California 94025

Notice of Annual Meeting of Stockholders

To Be Held on June 11, 2009

Dear Stockholder:

The Annual Meeting of Stockholders of Corcept Therapeutics (the Company) will be held on Thursday, June 11, 2009 at 8:00 a.m. local time at the Company's headquarters located at 149 Commonwealth Drive, Menlo Park, CA 94025 for the following purposes, as more fully described in the accompanying Proxy Statement:

1. To elect eight directors to hold office until the 2010 Annual Meeting of Stockholders and until their successors are qualified and elected.
2. To approve the amendment and restatement of the 2004 Equity Incentive Plan (the 2004 Plan).
3. To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2009.
4. To transact such other business as may properly come before the meeting or any adjournments or postponements thereof.

Only stockholders of record at the close of business on April 27, 2009 will be entitled to notice of, and to vote at, such meeting or any adjournments or postponements thereof.

By Order Of the Board of Directors,

/s/ Robert L. Roe, M.D.
Robert L. Roe, M.D.
President and Secretary

Menlo Park, California

May 1, 2009

Important Notice Regarding the Availability of Proxy Materials for the

Stockholder Meeting to be Held on June 11, 2009

Our 2009 Proxy Materials are available at www.corcept.com/proxymaterials/2009.

YOUR VOTE IS IMPORTANT!

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE VOTE YOUR SHARES BY INTERNET, BY TELEPHONE, OR YOU CAN COMPLETE, SIGN, DATE AND MAIL PROMPTLY THE ACCOMPANYING PROXY CARD IN THE ENCLOSED RETURN ENVELOPE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES. THIS WILL ENSURE THE PRESENCE OF A QUORUM AT THE MEETING. IF YOU ATTEND THE MEETING, YOU MAY VOTE IN PERSON IF YOU WISH TO DO SO EVEN IF YOU HAVE PREVIOUSLY SENT IN YOUR PROXY CARD. PLEASE NOTE, HOWEVER, THAT IF YOUR SHARES ARE HELD OF RECORD BY A BROKER, BANK OR OTHER NOMINEE AND YOU

WISH TO VOTE AT THE MEETING, YOU MUST OBTAIN FROM THE RECORD HOLDER A PROXY ISSUED IN YOUR NAME.

Corcept Therapeutics Incorporated

149 Commonwealth Drive

Menlo Park, California 94025

650-327-3270

PROXY STATEMENT

2009 ANNUAL MEETING OF STOCKHOLDERS

General

We are furnishing this Proxy Statement and the enclosed proxy in connection with the solicitation of proxies by our Board of Directors (the Board) for use at the Annual Meeting of Stockholders of Corcept Therapeutics Incorporated (the Company) to be held on June 11, 2009 at 8:00 a.m. local time, at our headquarters located at 149 Commonwealth Drive, Menlo Park, California 94025 and at any adjournments thereof (the Annual Meeting). This proxy statement and accompanying proxy card are being first mailed to stockholders on or about May 7, 2009.

Who Can Vote

Only holders of our common stock as of the close of business on April 27, 2009 (the Record Date) are entitled to vote at the Annual Meeting. Stockholders who hold shares of our common stock in street name may vote at the Annual Meeting only if they hold a valid proxy from their broker.

Shares Outstanding and Quorum

As of the Record Date, there were 49,763,206 shares of common stock outstanding. A majority of the outstanding shares of common stock entitled to vote at the Annual Meeting must be present in person or by proxy in order for there to be a quorum at the meeting. Stockholders of record who are present at the meeting in person or by proxy and who abstain from voting, including brokers holding customers' shares of record who cause abstentions to be recorded at the meeting, will be included in the number of shares present at the meeting for purposes of determining whether a quorum is present.

Voting Rights

Each stockholder of record is entitled to one vote at the Annual Meeting for each share of common stock held by such stockholder on the Record Date. Stockholders do not have cumulative voting rights. Stockholders may vote their shares by using the proxy card enclosed with this Proxy Statement. All proxies we receive which are properly voted, whether by signed proxy card, by telephonic or internet voting, that have not been revoked will be voted in accordance with the instructions contained in the proxy. If a proxy is received which does not specify a vote or an abstention, the shares represented by that proxy will be voted for the nominees to the Board listed on the proxy card and in this Proxy Statement, for the amendments to the 2004 Plan and for the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2009. We are not aware, as of the date hereof, of any matters to be voted upon at the Annual Meeting other than those stated in this Proxy Statement and the accompanying Notice of Annual Meeting of Stockholders. If any other matters are properly brought before the Annual Meeting, the enclosed proxy card gives discretionary authority to the persons named as proxies to vote the shares represented by the proxy card in their discretion.

Votes Required to Approve Each Proposal

Under Delaware law and our Amended and Restated Certificate of Incorporation and Bylaws, if a quorum exists at the Annual Meeting, (a) the nominees for director who receive the greatest number of votes cast will be elected to the Board, and (b) both the proposal to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2009 and the proposal to amend and restate the 2004 Plan will be approved if each receives the affirmative vote of the majority of the shares of common stock present or represented and entitled to vote at the Annual Meeting. Abstentions and broker non-votes will have no impact on the election of directors since they have not been cast in favor of or against any nominee. Broker non-votes will not have any effect on either the proposal to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2009, or the proposal to amend and restate the 2004 Plan, because approval of these proposals is based solely on the number of shares entitled to vote. Abstentions will have the same effect as votes cast against either of these proposals.

Revocability of Proxies

A stockholder of record may revoke a proxy at any time before it is voted at the Annual Meeting by (a) delivering a proxy revocation or another duly executed proxy bearing a later date to the Secretary of the Company at 149 Commonwealth Drive, Menlo Park, California 94025 or (b) attending the Annual Meeting and voting in person. Attendance at the Annual Meeting will not revoke a proxy unless the stockholder actually votes in person at the meeting.

Solicitation of Proxies

The proxy card accompanying this Proxy Statement is solicited by the Board. We will pay all of the costs of soliciting proxies. In addition to solicitation by mail, our officers, directors and employees may solicit proxies personally, or by telephone, without receiving additional compensation. We, if requested, will pay brokers, banks and other fiduciaries that hold shares of common stock for beneficial owners for their reasonable out-of-pocket expenses of forwarding these materials to stockholders.

Householding of Proxy Materials

Householding is a procedure approved by the SEC under which stockholders who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one copy of our Proxy Statement from a company, single bank, broker or other intermediary, unless one or more of these stockholders notifies the company, bank, broker or other intermediary that they wish to continue to receive individual copies. At the present time, we do not household for any of our stockholders of record. However, as explained below, your bank, broker or other intermediary may be householding your account if you hold your shares in street name.

If you hold shares in street name, your bank, broker or other intermediary may be delivering only one copy of our Proxy Statement to multiple stockholders of the same household who share the same address, and may continue to do so, unless your bank, broker or other intermediary has received contrary instructions from one or more of the affected stockholders in the household. If you are such a beneficial holder, contact your bank, broker or other intermediary directly in order to receive a separate set of our proxy materials.

NOMINEES TO BOARD OF DIRECTORS

At the Annual Meeting, the stockholders will vote on the election of eight directors, each to serve for a one-year term until the annual meeting of stockholders in 2010 and until their successors are qualified and elected.

The name, age as of April 30, 2009 and occupation of each person nominated for election to the Board, all of whom currently serve as our directors, are set forth below:

Name	Age	Occupation
James N. Wilson	65	Chairman of the Board of the Company
Joseph K. Belanoff, M.D.	51	Chief Executive Officer of the Company
G. Leonard Baker, Jr.	66	Venture Capitalist
Joseph C. Cook, Jr.	67	Executive/Investor
Patrick G. Enright	47	Venture Capitalist
James A. Harper	61	Retired Pharmaceutical Executive
David L. Mahoney	54	Private Equity Investor
Edward E. Penhoet, Ph. D.	68	Venture Capitalist

James N. Wilson has served as a director and as Chairman of the Board since 1999. In addition, since 2005, Mr. Wilson has been the Chairman of the Board of NuGEN Technologies, Inc. Since 2002, he has served as a director of Amylin Pharmaceuticals, Inc. From 1996 to 2001, Mr. Wilson was Chairman of the Board of Amira Medical, Inc. From 1991 to 1994, he was Chief Operating Officer of Syntex Corporation. From 1989 to 1990, Mr. Wilson was Chairman and 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 M.B.A. from the University of Arizona.

Joseph K. Belanoff, M.D. is our co-founder and has served as a member of the Board and as our Chief Executive Officer since 1999. Dr. Belanoff is currently a clinical faculty member and has held various positions in the Department of Psychiatry and Behavioral Sciences at Stanford University since 1992. 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.

G. Leonard Baker, Jr. has served as a member of the Board since 1999. Since 1973, Mr. Baker has been a Managing Director of the General Partner of Sutter Hill Ventures, a venture capital firm. Mr. Baker currently serves on the boards of a number of private companies. Mr. Baker received his B.A. from Yale University and his M.B.A. from Stanford University.

Joseph C. Cook, Jr. has served as a member of the Board since 2002. Mr. Cook is Chairman of the Board of Amylin Pharmaceuticals, Inc. Mr. Cook served as Chief Executive Officer of Amylin Pharmaceuticals from 1998 to 2003. Mr. Cook is a founder and currently serves as Chairman of the Board of Ironwood Pharmaceuticals, Inc. Mr. Cook is an officer of Mountain Ventures, Inc. and a founder of Clinical Products, Inc. and Mountain Group Capital, LLC. Mr. Cook also serves as a director of Mercy Ministries International and as a member and past Chairman of the University of Tennessee College of Engineering Advisory Board. Mr. Cook retired as Group Vice President of Eli Lilly & Company in 1993 after more than 28 years of service. Mr. Cook received his B.S. from the University of Tennessee.

Patrick G. Enright has served as a member of the Board since April 2008. He is a founder of Longitude Capital Management Co., LLP, a venture capital firm focused on investments in biotechnology, and has served as its Managing Director since 2006. From 2002 through 2006, Mr. Enright was a Managing Director of Pequot Ventures where he co-led the life sciences investment practice. Prior to Pequot, he was a Managing Member responsible for the Delta Opportunity Fund, where he invested in privately-held and publicly-traded biotechnology companies, such as SUGEN, Inc. and Cephalon, Inc. Mr. Enright began his investment career at

PaineWebber Development Corporation, a direct investment group focused primarily on biotechnology companies. Mr. Enright also has significant life sciences operations experience. He was CFO and Senior Vice President Business Development of Valentis, Inc. (now Urigen Pharmaceuticals, Inc.) and Senior Vice President Finance and Business Development of Boehringer Mannheim Pharmaceuticals (now Hoffmann-La Roche). Mr. Enright began his life sciences career 23 years ago at Sandoz (now Novartis). He currently serves on the boards of Corcept and a number of privately-held companies. Mr. Enright holds an M.B.A. from the Wharton School of Business at the University of Pennsylvania and a B.S. in Biological Sciences from Stanford University.

James A. Harper has served as a member of the Board since October 2004. He has spent over 30 years in the pharmaceutical and healthcare industries, all in positions with Eli Lilly and Company, from which he retired in 2004. Mr. Harper served as Group Vice President and Chief Marketing Officer from 2001 to 2004 and as President, Diabetes and Growth Disorders Business Unit / Product Group from 1994 to 2001. He was a Vice President, Global Pharmaceutical Marketing, from 1993 to 1994 and was President and CEO, Advanced Cardiovascular Systems, Inc. from 1991 to 1993. Mr. Harper also serves on the Board of Directors of Zymogenetics, Inc. and the Board of Directors of Phenomix Corporation, both of which are biotechnology companies. He is also an advisor for Nomura Phase4 Ventures. Mr. Harper received his B.A. from Vanderbilt University and his M.B.A. from The Wharton School of Business.

David L. Mahoney has served as a member of the Board since July 2004. From 1999 to 2001, Mr. Mahoney served as co-CEO of McKesson HBOC, Inc., a healthcare supply management and information technology company and as CEO of iMcKesson LLC, a healthcare management and connectivity company. He joined McKesson Corporation in 1990 as Vice President for Strategic Planning. Prior to joining McKesson, Mr. Mahoney was a principal with McKinsey & Company where he worked from 1981 to 1990. He also serves on the Board of Directors of Symantec Corporation, Live Oak School, San Francisco Museum of Modern Art, Mercy Corps and NCPB, Inc., a public television and radio operator. Mr. Mahoney received his B.A. from Princeton University and his M.B.A. from Harvard University.

Edward E. Penhoet, Ph.D. has served as a member of the Board since June 2008. He has served as a Director of Alta Partners, LLP, a venture capital firm, since 2000. He is a member of the Boards of Directors of ChemoCentryx, Chimerix, Renovis, Scynexis, and ZymoGenetics, and serves as the Chairman of the Board for Metabolix. A co-founder of Chiron, he served as the company's President and Chief Executive Officer from its formation in 1981 until April 1998. Dr. Penhoet is the Vice Chair of the Independent Citizens Oversight Committee for the California Institute of Regenerative Medicine (CIRM), and recently served as the President of the Gordon and Betty Moore Foundation. For 10 years prior to founding Chiron, he was a faculty member of the Biochemistry Department of the University of California, Berkeley. Dr. Penhoet is the immediate past Dean of the School of Public Health at the University of California, Berkeley. He is a member of the Institute of Medicine of the National Academy of Sciences and has co-authored more than 50 scientific articles and papers.

There are no family relationships among any of our directors or executive officers.

DIRECTORS NOT STANDING FOR RE-ELECTION

The following current director was not nominated for re-election to the Board of Directors.

Allen Andersson, age 64, has served as a member of the Board of Directors since 2006. He is the founder of Paperboy Ventures LLC, a merchant bank commercializing undervalued science, and has served as its chairman since 2002. A software designer and entrepreneur for over twenty years, he was a founder of LightSpeed International, a developer of voice-over-Internet systems in 1995, Expert Image Systems, a developer of medical diagnostic technology in 1986 and Interleaf, an early word processing developer in 1981. Mr. Andersson held the position of Vice President of Advanced Technologies at Logos Corporation. He is also President of The Riecken Foundation, which creates public libraries and promotes prosperity and democracy in Central America. Mr. Andersson received his S.B. in mathematics from the Massachusetts Institute of Technology and served in the Peace Corps in Honduras.

DIRECTOR NOMINATION

The information below describes the criteria and process that the Nominating and Corporate Governance Committee uses to evaluate candidates to the Board.

Nominating and Corporate Governance Committee. Our Nominating and Corporate Governance Committee currently consists of Joseph C. Cook, Jr. (Chairman) and James N. Wilson. The Nominating and Corporate Governance Committee held one meeting in 2008 to consider the slate of nominees for the 2008 Annual Meeting. The Nominating and Corporate Governance Committee is responsible for identifying individuals qualified to serve as members of the Board, recommending to the independent members of the Board nominees for election as our directors and providing oversight with respect to corporate governance and ethical conduct. The Board has determined that Mr. Cook is an independent director for NASDAQ purposes. Although Mr. Wilson is our employee and therefore not an independent director for NASDAQ purposes, our director nomination process meets applicable NASDAQ requirements because our director nominees are selected by the independent members of the Board. The Nominating and Corporate Governance Committee has a written charter, a copy of which was filed as Appendix C to our Definitive Proxy Statement for the 2007 Annual Meeting of Stockholders.

The information below describes the criteria and process that the Nominating and Corporate Governance Committee uses to evaluate candidates to the Board.

Board Membership Criteria. The Nominating and Corporate Governance Committee is responsible for assessing the appropriate balance of experience, skills and characteristics required of the Board. Nominees for director are selected on the basis of depth and breadth of experience, knowledge, integrity, ability to make independent analytical inquiries, understanding of our business environment, the willingness to devote adequate time to Board duties, the interplay of the candidate's experience and skills with those of other Board members, and the extent to which the candidate would be a desirable addition to the Board and any Committees of the Board. In addition, the Nominating and Corporate Governance Committee seeks to ensure that at least a majority of the directors are independent under the rules of the Nasdaq Stock Market, that the Audit Committee and Compensation Committee are each composed entirely of independent directors, and that members of the Audit Committee possess such accounting and financial expertise as the Nasdaq Stock Market requires.

Stockholders Proposals for Nominees. The Nominating and Corporate Governance Committee will consider written proposals from stockholders for nominees for director. Any such nominations should be submitted to the Nominating and Corporate Governance Committee c/o the Secretary of the Company and should include (at a minimum) the following information: (a) all information relating to such nominee that is required to be disclosed pursuant to Regulation 14A under the Securities Exchange Act of 1934 (as amended, the Exchange Act) (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (b) the name(s) and address(es) of the stockholder(s) making the nomination and the number of shares of our common stock which are owned beneficially and of record by such stockholder(s); and (c) appropriate biographical information and a statement as to the qualifications of the nominee, and should be submitted in the time frame described in our Amended and Restated Bylaws and under the caption, **STOCKHOLDER PROPOSALS** below.

Process for Identifying and Evaluating Nominees. The Nominating and Corporate Governance Committee initiates the process for identifying and evaluating nominees to the Board by identifying a slate of candidates who meet the criteria for selection as nominees and have the specific qualities or skills being sought based on input from members of the Board, management and, if the Nominating and Corporate Governance Committee deems appropriate, a third-party search firm. In addition, we have agreed to take all necessary steps to have one designee of Longitude Venture Partners, L.P., one of our significant stockholders, nominated for election to our Board, subject to compliance with relevant Nasdaq Stock Market rules and regulations and approval of the

nominee by the Nominating and Corporate Governance Committee. Candidates, including candidates proposed by Longitude Venture Partners, L.P., are evaluated by the Nominating and Corporate Governance Committee on the basis of the factors described above under *Board Membership Criteria*.

With respect to candidates for initial election to the Board, the Nominating and Corporate Governance Committee also reviews biographical information and qualifications and checks the candidates' references. Qualified candidates are interviewed by at least one member of the Nominating and Corporate Governance Committee. Serious candidates meet, either in person or by telephone, with all members of the Nominating and Corporate Governance Committee and as many other members of the Board as practicable.

Using the input from interviews and other information obtained, the Nominating and Corporate Governance Committee evaluates which of the prospective candidates is qualified to serve as a director and whether the committee should recommend to the independent members of the Board that the Board nominate, or elect to fill a vacancy with, a prospective candidate. Candidates recommended by the Nominating and Corporate Governance Committee are presented to the independent members of the Board for selection as nominees to be presented for the approval of the stockholders or for election to fill a vacancy. The Nominating and Corporate Governance Committee expects that a similar process will be used to evaluate nominees recommended by stockholders.

Nominees to the Board of Directors for the Annual Meeting. The nominees for the Annual Meeting were recommended for selection by the Nominating and Corporate Governance Committee and were selected by the independent members of the Board.

Non-employee directors receive a director fee from us for their services as members of the Board in the amount of \$15,000 per year. Members of the Audit Committee receive an additional \$10,000 per year. New directors receive an initial stock option grant of 70,000 shares of our common stock in connection with their initial election to the Board. The initial director options will vest with respect to 25% of the shares on the first anniversary of the date of the grant and, thereafter, at the rate of 2.0834% per month, until fully vested. Non-employee directors who are reelected at the Annual Shareholder Meeting each receive a stock option grant of 15,000 shares of our common stock that vests over the one year term as director at the rate of 8.3334% per month from the date of the Annual Meeting until fully vested. The chairmen of the Audit Committee and the Compensation Committee each receive an additional grant of 15,000 shares of our common stock with a similar one-year vesting provision.

BOARD MEETINGS AND COMMITTEES

The Board met eight times during fiscal year 2008; four of them telephonically, and took action via unanimous written consent once. The Audit Committee met five times and the Compensation Committee met twice. The Nominating and Corporate Governance Committee met once during fiscal 2008. Each member of the Board attended 75% or more of the total number of Board meetings and meetings of Board committees on which such Board member served.

In addition to the Nominating and Corporate Governance Committee, which is described above, the Board has standing Audit and Compensation Committees.

Audit Committee. The Audit Committee currently consists of David L. Mahoney (Chairman), Joseph C. Cook, Jr. and Patrick G. Enright. The Board has determined that all members of the Audit Committee are independent directors under the rules of the Nasdaq Stock Market and each of them is able to read and understand fundamental financial statements. The Board has determined that David L. Mahoney qualifies as an Audit Committee financial expert as defined by the rules of the Securities and Exchange Commission (the "SEC"). The purpose of the Audit Committee is to oversee our accounting and financial reporting processes and audits of our financial statements. The responsibilities of the Audit Committee include appointing and providing

the compensation of the independent accountants to conduct the annual audit of our accounts, reviewing the scope and results of the independent audits, reviewing and evaluating internal accounting policies, and approving all professional services to be provided to us by our independent accountants. The Audit Committee has a written charter, a copy of which was filed as Appendix A to our Definitive Proxy Statement for the 2008 Annual Meeting of Stockholders,

Compensation Committee. The Compensation Committee currently consists of G. Leonard Baker, Jr. (Chairman), James A. Harper, David L. Mahoney and Allen Andersson. The Board has determined that all members of the Compensation Committee are independent directors under the rules of the Nasdaq Stock Market. The Compensation Committee administers our benefit plans, reviews and administers all compensation arrangements for executive officers, and establishes and reviews general policies relating to the compensation and benefits of our officers and employees. The Compensation Committee has a written charter, a copy of which was filed as Appendix B to our Definitive Proxy Statement for the 2007 Annual Meeting of Stockholders. Pursuant to the Compensation Committee's charter, the Compensation Committee may delegate its authority and responsibilities as it deems proper to members of the Compensation Committee or to a subcommittee.

COMMUNICATIONS WITH DIRECTORS

Stockholders or other interested parties may communicate with any director or committee of our Board by writing to them c/o Secretary, Corcept Therapeutics, 149 Commonwealth Drive, Menlo Park, California 94025. Comments or questions regarding our accounting, internal controls or auditing matters will be referred to members of the Audit Committee. Comments or questions regarding the nomination of directors and other corporate governance matters will be referred to members of the Nominating and Governance Committee.

We have a policy of encouraging all directors to attend the annual stockholder meetings. Three of our directors attended the 2008 annual meeting.

CODE OF ETHICS

We have adopted a code of ethics that applies to all of our officers and employees, including our principal executive officer and our principal financial officer. We will also deliver a copy of its code of ethics to any stockholder, without charge, upon written request to Corcept Therapeutics, 149 Commonwealth Drive, Menlo Park, California 94025, Attention: Secretary, or upon oral request by calling (650) 327-3270.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The current members of our Compensation Committee are G. Leonard Baker, Jr., James A. Harper, David L. Mahoney and Allen Andersson. None of the members of our Compensation Committee is currently, or has been, an officer or employee. No interlocking relationship exists, or in the past fiscal year has existed, between any member of our Compensation Committee and any member of any other company's board of directors or compensation committee.

EXECUTIVE OFFICERS

The names of our executive officers, their ages as of April 30, 2009 and certain other information about them are set forth below:

Name	Age	Position
Joseph K. Belanoff, M.D.	51	Chief Executive Officer and Director
Robert L. Roe, M.D.	68	President and Secretary
Caroline M. Loewy	43	Chief Financial Officer
Anne M. LeDoux	61	Vice President, Controller and Chief Accounting Officer

Joseph K. Belanoff, M.D. Biographical information regarding Dr. Belanoff is set forth under Nominees to Board of Directors.

Robert L. Roe, M.D. joined us as President in October 2001. Dr. Roe has spent more than 30 years in the pharmaceutical and biotechnology industries. From 1999 to 2001, he served as President and Chief Executive Officer of Allergan, 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 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.

Caroline M. Loewy joined us as Chief Financial Officer in November 2008. From 2006-2008, Ms. Loewy served as Chief Financial Officer of Poniard Pharmaceuticals, a publicly traded biopharmaceutical company. From 2004-2006 she acted as an independent consultant to a variety of biopharmaceutical companies advising on corporate strategy, business development, and financing. Ms. Loewy spent 14 years in equity research and corporate finance. From 2000-2004 she was an Executive Director in biotechnology equity research at Morgan Stanley, providing fundamental analysis and recommendations to investors, as well as strategic advisory services to corporate clients. She was also a Managing Director in biotechnology equity research at Prudential Securities and held positions in corporate finance at BankAmerica. Ms. Loewy holds a B.A. degree from the University of California, Berkeley, and an MBA/MS degree from Carnegie Mellon University.

Anne M. LeDoux joined us as Controller in 2004 and was promoted to the position of Vice President, Controller and Chief Accounting Officer in April 2007. Ms. LeDoux has over 15 years of financial and accounting management experience with public pharmaceutical and biotechnology companies. Prior to joining Corcept in 2004, Ms. LeDoux served in various financial positions at Aviron, Roche Biosciences and Syntex Corporation. She was also Vice President and Chief Financial Officer at the Northern California Health Center and Vice President, Finance for the Children's Hospital of San Francisco. Ms. LeDoux is a Certified Public Accountant and has over 13 years of experience in public accounting, primarily at Coopers and Lybrand. Ms. LeDoux received her Bachelor of Business Administration from the University of Massachusetts and a law degree from Western New England College, School of Law.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding ownership of our common stock as of April 30, 2009 or earlier date for information based on filings with the SEC by (a) each person known to us to own more than 5% of the outstanding shares of our common stock, (b) our directors, (c) our Chief Executive Officer and each other executive officer named in the compensation tables appearing earlier in this proxy statement and (d) all directors and executive officers as a group. The information in this table is based solely on statements in filings with the SEC or other information we believe to be reliable. Percentage of ownership is based on 49,763,206 shares of common stock outstanding as of April 30, 2009. Beneficial ownership is determined in accordance with the rules of the SEC, and includes voting and investment power with respect to the shares. Shares of common stock subject to outstanding options and warrants exercisable within 60 days of April 30, 2009 are deemed outstanding for computing the percentage of ownership of the person holding such options or warrants, but are not deemed outstanding for computing the percentage of any other person.

Name of Beneficial Owner ⁽¹⁾	Number of Shares Beneficially Owned ⁽²⁾	Percentage of Shares Beneficially Owned
5% Stockholders		
Longitude Venture Partners, LP and related entity ⁽³⁾	10,804,567	20.8%
Entities and individuals affiliated with Sutter Hill Ventures ⁽⁴⁾	10,545,427	20.8%
Entities affiliated with Alta Partners, LLP ⁽⁵⁾	5,861,683	11.7%
Directors and Named Executive Officers		
Patrick G. Enright ⁽³⁾	10,804,567	20.8%
G. Leonard Baker, Jr. ⁽⁶⁾	7,243,566	14.3%
Edward E. Penhoet ⁽⁵⁾	5,861,683	11.7%
Joseph K. Belanoff ⁽⁷⁾	3,337,130	6.6%
James N. Wilson ⁽⁸⁾	3,174,149	6.4%
Joseph C. Cook, Jr. ⁽⁹⁾	2,428,875	4.9%
David L. Mahoney ⁽¹¹⁾	1,122,306	2.2%
Allen Andersson ⁽¹⁰⁾	854,486	1.7%
Robert L. Roe ⁽¹²⁾	777,994	1.5%
James A. Harper ⁽¹³⁾	153,488	*
Anne M. LeDoux ⁽¹⁴⁾	144,017	*
Caroline M. Loewy ⁽¹⁵⁾		
All directors and executive officers as a group (12 persons) ⁽¹⁶⁾	35,902,261	64.8%

* Less than 1% of our outstanding common stock.

(1) Unless otherwise indicated, the address of each of the named individuals is c/o Corcept Therapeutics, 149 Commonwealth Drive, Menlo Park, California 94025.

(2) Beneficial ownership of shares is determined in accordance with the rules of the SEC and generally includes any shares over which a person exercises sole or shared voting or investment power, or of which a person has the right to acquire ownership within 60 days after April 30, 2009. Except as otherwise noted, each person or entity has sole voting and investment power with respect to the shares shown.

(3) Includes (a) 8,431,500 shares held of record by Longitude Venture Partners, LP, and 2,251,668 shares that may be acquired by the entity within 60 days of April 30, 2009 pursuant to a warrant (b) 91,232 shares held of record by Longitude Capital Associates, L.P. and 9,750 shares that may be acquired by that entity within 60 days of April 30, 2009 pursuant to a warrant, and (c) 20,417 shares issuable pursuant

to an option to Patrick Enright exercisable within 60 days of April 30, 2009. Mr. Enright disclaims beneficial ownership of all such shares, except to the extent of his pecuniary interest therein. The address for Longitude Capital is 800 El Camino Real, Suite 220, Menlo Park, California 94025.

- (4) Consists of: (a) 4,338,742 shares held by Sutter Hill Ventures, A California Limited Partnership (Sutter Hill Ventures), and 400,199 shares that may be acquired by the entity within 60 days of April 30, 2009 pursuant to warrants, (b) 29,273 shares held by Sutter Hill Entrepreneurs Fund (AI), L.P. (SHAI), (c) 74,113 shares held by Sutter Hill Entrepreneurs Fund (QP), L.P. (SHQP), (d) 3,025,528 shares held by individuals affiliated with Sutter Hill Ventures and entities affiliated with such individuals, and 276,333 shares that may be acquired by the individuals and entities within 60 days of April 30, 2009 pursuant to warrants, (e) 205,439 shares of Common Stock owned by G. Leonard Baker, Jr., one of our directors, (f) 1,180,231 shares held by Mr. Baker, a Trustee of The Baker Revocable Trust, and 228,765 shares that may be acquired by the Trust within 60 days of April 30, 2009 pursuant to warrants, (g) 658,580 shares held by Saunders Holdings, L.P. of which Mr. Baker is a General Partner, and 68,224 shares that may be acquired by the entity within 60 days of April 30, 2009 pursuant to warrants, and (h) 60,000 shares issuable within 60 days of April 30, 2009 pursuant to options granted to Mr. Baker. Mr. Baker has shared voting and dispositive power with respect to the shares held by The Baker Revocable Trust and Saunders Holdings, L.P. Mr. Baker, Sutter Hill Ventures, SHAI and SHQP do not have any voting or dispositive power with respect to the shares held by individuals affiliated with Sutter Hill Ventures and entities affiliated with such individuals referenced under part (d) of this note. Mr. Baker shares voting and dispositive power with respect to the shares held by Sutter Hill Ventures, SHAI and SHQP with the following natural persons: David L. Anderson, William H. Younger, Jr., Tench Coxé, Gregory P. Sands, James C. Gaither, James N. White, Jeffrey W. Bird, David E. Sweet, Andrew T. Sheehan and Michael L. Speiser. As a result of the shared voting and dispositive powers referenced herein, Messrs. Baker, David L. Anderson, William H. Younger, Jr., Tench Coxé, Gregory P. Sands, James C. Gaither, James N. White, Jeffrey W. Bird, David E. Sweet, Andrew T. Sheehan and Michael L. Speiser may each be deemed to beneficially own the shares held by Sutter Hill Ventures, SHAI and SHQP. The address for Sutter Hill Ventures and affiliates is 755 Page Mill Road, Suite A-200, Palo Alto, CA 94304.
- (5) Consists of: (a) 5,146,818 shares held of record by Alta BioPharma Partners II, L.P., and 522,960 shares that may be acquired by the entity within 60 days of April 30, 2009 pursuant to a warrant, and (b) 167,798 shares held of record by Alta Embarcadero BioPharma Partners II, LLC, and 6,607 shares that may be acquired by the entity within 60 days of April 30, 2009 pursuant to a warrant and (c) 17,500 shares issuable within 60 days of April 30, 2009 pursuant to options granted to Dr. Penhoet. Dr. Penhoet is a director of Alta BioPharma Management II, LLC (which is a general partner of Alta BioPharma Partners II, L.P.) and a manager of Alta Embarcadero BioPharma Partners II, LLC. Dr. Penhoet disclaims beneficial ownership of all such shares held by all of the foregoing funds, except to the extent of his proportionate pecuniary interests therein. Alta Parents II, Inc. provides investment advisory services to several venture capital funds including Alta BioPharma Partners II, L.P. and Alta Embarcadero BioPharma Partners II, LLC. The managing directors of Alta BioPharma Partners II, L.P. and the managers of Alta Embarcadero BioPharma Partners II, LLC exercise sole voting and investment power with respect to shares owned by such funds. Certain principals of Alta Partners II, Inc. are managing directors of Alta BioPharma Management II, LLC (which is the general partner of Alta BioPharma Partners II, L.P.), and managers of Alta Embarcadero BioPharma Partners II, LLC. As managing directors and managers of such entities, they may be deemed to share voting and investment powers for the shares held by the funds. The principals of Alta Partners II, Inc. disclaim beneficial ownership of all such shares held by the foregoing funds, except to the extent of their proportionate pecuniary interests therein. The address of Alta Partners II, Inc. is One Embarcadero Center, Suite 3700, San Francisco, California 94111.
- (6) Includes all shares referenced in footnote (4) other than the 3,025,528 shares held by individuals affiliated with Sutter Hill Ventures and entities affiliated with such individuals, and 276,333 shares that may be acquired by the individuals and entities within 60 days of April 30, 2009 pursuant to warrants, as referenced under part (d) of footnote (4.) Mr. Baker's beneficial interest also includes: (a) 228,765 shares that may be acquired by Mr. Baker as a Trustee of The Baker Revocable Trust within 60 days of April 30, 2009 pursuant to warrants, (b) 68,224 shares that may be acquired by Saunders Holdings, L.P. of which Mr. Baker is a General Partner within 60 days of April 30, 2009 pursuant to warrants, and (c) 60,000 shares issuable pursuant to options exercisable within 60 days of April 30, 2009.
- (7) 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 and 572,935 shares issuable pursuant to options exercisable within 60 days of April 30, 2009.
- (8) Includes 2,074,511 shares held of record by the James N. Wilson and Pamela D. Wilson Trust and 951,774 shares held of record by the James and Pamela Wilson Family Partners, over all of which Mr. Wilson has voting control pursuant to voting agreements. Mr. Wilson disclaims beneficial ownership of such shares, except to the extent of his pecuniary interests in the entities holding such shares. Mr. Wilson's beneficial interest also includes 17,652 shares that may be acquired by the James and Pamela Wilson Family Partners within 60 days of April 30, 2009 pursuant to a warrant, and 130,212 shares issuable pursuant to an option exercisable within 60 days of April 30, 2009.
- (9) Includes (a) 1,130,000 shares held of record by Farview Management, Co. L.P., a Texas limited partnership and 14,402 shares that may be acquired by that entity within 60 days of April 30, 2009 pursuant to a warrant (b) 240,000 shares held of record by the Joseph C. Cook, Jr., IRA Rollover and 25,649 shares that may be acquired by that entity within 60 days of April 30, 2009, (c) 88,261 shares that may be acquired within 60 days of March 15, 2009 pursuant to a warrant, and (d) 105,000 shares issuable pursuant to options exercisable within 60 days of April 30, 2009.

- (10) Includes (a) 707,324 shares held of record by Paperboy Ventures, LLC, (b) 18 shares that may be acquired by that entity within 60 days of April 30, 2009 pursuant to a warrant, (c) 97,143 shares held by Anderieck Holdings, LLC (Anderieck) and (d) 50,001 shares issuable within 60 days of April 30, 2009 pursuant to options granted to Mr. Andersson. Mr. Andersson is the founder and chairman of Paperboy and the sole member of both Paperboy and Anderieck. The address of Paperboy Ventures, LLC and Anderieck Holdings, LLC is 1875 K Street NW, Suite 700, Washington, DC 20006.
- (11) Includes 929,249 shares held of record by the David L. Mahoney and Winnifred C. Ellis 1998 Family Trust, and 65,838 shares that may be acquired by the Trust within 60 days of April 30, 2009 pursuant to a warrant, and 127,219 shares issuable pursuant to options exercisable within 60 days of April 30, 2009.
- (12) Includes 629,104 shares issuable pursuant to options exercisable within 60 days of April 30, 2009.
- (13) Includes (a) 25,000 shares held of record by the James A. Harper 2008 Annuity Trust over which Mr. Harper is Trustee and has voting control, (b) 25,000 shares held of record by the Zo P. Harper 2008 Annuity Trust over which Mr. Harper s spouse, Zo P. Harper, is Trustee and has voting control, and (c) 86,088 shares issuable pursuant to options exercisable within 60 days of April 30, 2009.
- (14) Includes 144,017 shares issuable pursuant to options exercisable within 60 days of April 30, 2009.
- (15) Ms. Loewy has no direct holdings as of April 30, 2009, and no options exercisable within 60 days of April 30, 2009.
- (16) Total number of shares includes common stock held by entities affiliated with directors and executive officers. See footnotes 1 through 15 above.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

As a matter of policy, all related-party transactions between us and any of our officers, directors, or principal stockholders, are approved by our Audit Committee or a majority of the independent and disinterested members of our Board, are on terms no less favorable to us than could be obtained from unaffiliated third parties and are in connection with bona fide business purposes.

On March 25, 2008, we agreed to sell an aggregate of 8,923,210 shares of our common stock, par value \$0.001 per share, in a private placement at a price of \$2.77 per share and warrants to purchase an additional 4,461,062 shares of our common stock at a price of \$0.125 per warrant to certain investors pursuant to a Securities Purchase Agreement executed on March 14, 2008. The warrants have a seven year term and an exercise price of \$2.77 per share. We received aggregate consideration of approximately \$25.3 million in gross proceeds, after collection of the note receivable issued by Paperboy Ventures LLC related to this financing of \$6.0 million.

The purchasers in this transaction were led by Longitude Venture Partners, L.P. Other investors participating in the offering include Paperboy Ventures LLC, Sutter Hill Ventures and Alta Partners, LLP, venture capital firms that are all significant shareholders in Corcept, as well as various entities and individuals related to these firms. The purchasers also included various entities affiliated with G. Leonard Baker, Jr., Joseph C. Cook, Jr., David L. Mahoney and James N. Wilson, who are members of our Board of Directors, and other qualified investors. Allen Andersson, a member of our Board of Directors, is the chairman and sole voting member of Paperboy Ventures. Mr. Baker is a partner and managing director of Sutter Hill Ventures. Edward E. Penhoet, Ph.D., a member of our Board of Directors, is a director of Alta Partners. Patrick G. Enright, managing director of Longitude Capital, became a member of our Board of Directors on April 1, 2008.

Longitude Capital Venture Partners, L.P., purchased 3,530,450 shares, Paperboy Ventures, LLC purchased 2,118,270 shares, Sutter Hill Ventures and related entities and affiliates purchased a total of 1,581,311 shares and entities affiliated with Alta Partners, LLP purchased a total of 1,059,135 shares. Entities related to Mr. Baker, a partner at Sutter Hill Ventures, purchased 441,307 shares (which are included as part of the Sutter Hill Ventures purchase noted above), an entity related to Mr. Cook purchased 176,522 shares, an entity related to Mr. Mahoney purchased 70,609 shares and an entity related to Mr. Wilson purchased 35,304 shares in the March 2008 Financing. This financing also included the purchase of 351,609 shares by other qualified investors.

As described above, the \$6.0 million note receivable was issued to us by Paperboy Ventures LLC as consideration for the securities purchased in March 2008 Financing, and Paperboy Ventures' obligations under the note receivable were secured by these securities. The note receivable was originally due on July 31, 2008. We agreed with Paperboy Ventures to extend the maturity date of the note on several occasions, ultimately to January 31, 2009, and in connection with those extensions, Paperboy Ventures pledged additional shares of our common stock and other securities as collateral. The independent members of our board of directors approved each extension of the maturity date of the note receivable. The note receivable was repaid in full in February 2009, and in connection with the repayment of the note receivable we released our liens on the pledged collateral.

In addition, on November 11, 2008, we entered into an Amendment to Registration Rights Agreement (the Amendment) which amended the Registration Rights Agreement (the Original Agreement), dated as of March 14, 2008, by and among us and the investors in the March 2008 Financing described above (the Holders). Pursuant to the Amendment, on November 11, 2008, we agreed to issue an aggregate of 883,155 shares of its common stock, valued at \$1.45 per share (the closing market price of our common stock on the NASDAQ Capital Market on November 11, 2008) as full satisfaction for approximately \$1.3 million in liquidated damages owed to the Holders under the Original Agreement. In settlement of the liquidated damages discussed above, Longitude Venture Partners, L.P., received 349,425 shares, Paperboy Ventures, LLC received 209,655 shares, Sutter Hill Ventures and related entities and affiliates received a total of 156,503 shares and entities affiliated with Alta Partners, LLP received a total of 104,826 shares. Entities related to Mr. Baker, a partner at Sutter Hill Ventures, received 43,677 shares (which are included as part of the Sutter Hill Ventures total), an entity related to Mr. Cook received 17,471 shares, an entity related to Mr. Mahoney received 6,988 shares and an entity related to Mr. Wilson received 3,494 shares.

We have entered into an agreement with Robert L. Roe, M.D., our President, dated October 18, 2001. Pursuant to such 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 loan in the amount of \$187,250, subject to interest rate of 6.5% and evidenced by a full-recourse promissory note to us to finance the exercise of the option. Through December 2008, Dr. Roe had repaid \$99,705 of the principal of the loan plus accrued interest, leaving a total remaining balance of \$87,545 plus accrued interest in the amount of \$36,295 for a total combined balance of \$123,840.

In July 2007, we entered into Severance and Change in Control Agreements with each of our executive officers: Joseph K. Belanoff, M.D., Chief Executive Officer; Robert L. Roe, M.D., President; and Anne M. LeDoux, Chief Accounting Officer. In September 2008, we amended and restated the Severance and Change in Control Agreements with each of our executive officers to adopt technical amendments to the agreements in order to comply with Section 409A of the Internal Revenue Code. In November 2008, Caroline M. Loewy entered into a Severance and Change in Control Agreement with us, in connection with her appointment as our Chief Financial Officer. The terms of the agreements are identical. The agreements provide that, if employment is terminated without cause or for good reason regardless of whether it is in connection with a change in control, the executive will be eligible for 12 months of his or her then current base salary and continued health insurance coverage for this same period. In addition, the agreements provide for the full vesting of all outstanding equity awards in the event the executive's employment is terminated without cause or for good reason within 18 months following a change in control. The agreement with Dr. Roe supersedes his prior agreement with us. The other officers did not have prior employment or severance agreements.

In July 2007, we also entered into a Severance and Change in Control Agreement with James N. Wilson, Chairman of the Board of Directors, which was amended and restated in September 2008 to adopt technical amendments to the agreement in order to comply with Section 409A of the Internal Revenue Code. The agreement with Mr. Wilson provides that if his employment or service on the Board terminates involuntarily without cause or good reason within eighteen months of a change in control all of his outstanding equity awards shall become fully vested. Mr. Wilson did not have a prior severance agreement.

We have entered into indemnification agreements with our directors and executive officers. Such agreements require us, among other things, to indemnify its officers and directors, other than for liabilities arising from willful misconduct of a culpable nature, and to advance their expenses incurred as a result of any proceedings against them as to which they could be indemnified.

On May 23, 2008 the Board of Directors approved the engagement of Abbrah Publishing LLC (Abbrah), a firm in which the son of James N. Wilson, our chairman, is a principal, to assist us in the preparation and placement of materials to facilitate the recruitment of patients in its Cushing's Syndrome trial, based on, among other things, the special qualifications of Abbrah and its willingness to accept performance-based compensation of its services. Compensation to Abbrah is based the number of patients actually enrolled in the study based on their materials. An initial payment is due upon patient enrollment, with an additional amount due if the patient completes the study. During the year ended December 31, 2008, we recorded expense of \$2,000 as compensation to Abbrah. An additional expense of \$18,000 is expected to be recorded during 2009 in connection with these services assuming patient completion in the study.

The Board determined that the following current directors are independent under current NASDAQ rules:

Allen Andersson

G. Leonard Baker, Jr.

Joseph C. Cook, Jr.

Patrick G. Enright

James A. Harper

David L. Mahoney

Edward E. Penhoet

See Director Compensation for a discussion of our director compensation policy.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Under Section 16(a) of the Exchange Act and SEC rules, our directors, executive officers and beneficial owners of more than 10% of any class of equity security are required to file periodic reports of their ownership, and changes in that ownership, with the SEC. Based solely on our review of copies of these reports and representations of such reporting persons, we believe that during fiscal year 2008, such SEC filing requirements were satisfied, with the exception that the option granted to Allen Andersson on June 10, 2008 was reported on a Form 4 filed on February 10, 2009. This transaction should have been reported on Form 4 within 2 business days after the date of grant.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Compensation Objectives

For Joseph K. Belanoff, M.D., our Chief Executive Officer, Robert L. Roe, M.D., our President, Caroline M. Loewy, our Chief Financial Officer, and Anne LeDoux, our Vice President and Controller (Chief Accounting Officer), our named executive officers (NEOs) compensation is intended to be performance-based, with the exception of such NEOs' base salary. The Compensation Committee believes that compensation paid to NEOs should be closely aligned with our performance on both a short-term and long-term basis, linked to specific, measurable results intended to create value for stockholders, and that such compensation should assist us in attracting and retaining key executives critical to our long-term success.

In establishing compensation for executive officers, the following are the Compensation Committee's objectives:

- Attract and retain individuals of superior managerial talent;
- Ensure senior officer compensation is aligned with our corporate strategies, business objectives and the long-term interests of our stockholders;
- Increase the incentive to achieve key strategic and financial performance measures by linking incentive award opportunities to the achievement of performance goals in these areas; and
- Align officer and shareholder interests, as well as promote retention of key people, by providing a portion of total compensation opportunities for senior management in the form of direct ownership in the Company through stock options.

Our overall compensation program is structured to attract, motivate and retain highly qualified executive officers by paying them competitively, consistent with our success and their contribution to that success. We believe compensation should be structured to ensure that a portion of compensation opportunity will be directly related to Company stock performance and other factors that directly and indirectly influence stockholder value. Accordingly, we set goals designed to link each NEO's compensation to our performance, such as the attainment of clinical goals and meeting agreed upon financial targets.

We provide a base salary to our executive officers. Additionally, consistent with our performance-based philosophy, we reserve the largest potential compensation awards for performance- and incentive-based programs for our senior executive management team, comprised of the Chief Executive Officer, President, Chief Financial Officer and Chief Accounting Officer. Such programs include stock options grants, designed to provide compensation opportunities if milestones that increase our value, such as positive results in clinical trials, are attained. Incentive-based programs provide compensation in the form of both cash and equity, to reward for both short-term and long-term performance. The Compensation Committee allocates total compensation between cash and equity compensation based on the Compensation Committee members' knowledge of compensation

practices in the biotechnology and specialty pharmaceutical industries. The balance between equity and cash compensation among members of the senior executive management team, all four of whom are NEOs, is evaluated annually to align the interests of management with stockholders through both short and long term incentives.

The Chairman of the Board and the members of the Compensation Committee are seasoned executives of, consultants to or venture capitalists with investments in the biotechnology and specialty pharmaceutical industry. Collectively they have served as board and compensation committee members of many public and privately held companies including Amylin Pharmaceuticals, Inc., NuGen Technologies, Inc., Neurex Corporation, Praecis Pharmaceuticals, Inc., Tercica, Inc., and Zymogenetics Inc. As a result of this extensive involvement in the compensation of executives in these and other companies, the Chairman of the Board and the members of the Compensation Committee collectively have developed a clear understanding and knowledge of the compensation structures that are necessary to attract, motivate and retain management talent.

Determination of Compensation

The Compensation Committee is provided with the primary authority to determine and recommend the compensation awards available to our executive officers for approval by the Board of Directors. Based on the Compensation Committee members' collective understanding of compensation practices in similar companies in the biotechnology and specialty pharmaceutical industry, our executive compensation package consists of the following elements, in addition to the employee benefit plans in which all employees may participate:

- Base salary: compensation for ongoing performance throughout the year.
- Periodic performance-based cash compensation: awards to recognize and reward achievement of performance goals.
- Long-term performance-based equity incentive program: equity compensation to provide an incentive to the NEOs to manage us from the perspective of an owner with an equity stock in the business.
- Severance and change of control benefits: remuneration paid to executives in the event of a change of control or involuntary employment termination.

To aid the Compensation Committee in making its determination, our Chief Executive Officer provides recommendations annually to the Compensation Committee regarding the compensation of all other executive officers. Each NEO in turn, participates in an annual performance review with our Chief Executive Officer to provide input about their individual contributions to our success for the period being assessed. The overall performance of our senior executive management team is reviewed annually by the Compensation Committee.

We set base salary structures and any grants of stock options based on the Compensation Committee members' collective understanding of compensation practices in the biotechnology and specialty pharmaceutical industry and such members' experiences as seasoned executives, consultants, board and compensation committee members, or investors in similar biotechnology and specialty pharmaceutical industry companies.

Tax Considerations

A goal of the Compensation Committee is to comply with the requirements of Internal Revenue Code Section 162(m) of the Internal Revenue Code of 1986, as amended, which limits the tax deductibility by us of annual compensation in excess of \$1,000,000 paid to our Chief Executive Officer and any of our three other most highly compensated executive officers, other than our Chief Financial Officer. However, performance-based compensation that has been approved by our stockholders is excluded from the \$1,000,000 limit if, among other requirements, the compensation is payable only upon the attainment of pre-established, objective performance goals and the committee of our Board of Directors that establishes such goals consist only of outside directors. All members of the Compensation Committee qualify as outside directors.

While the tax impact of any compensation arrangement is one factor to be considered, such impact is evaluated in light of the Compensation Committee's overall compensation philosophy and objectives. The Compensation Committee will consider ways to maximize the deductibility of executive compensation, while retaining the discretion it deems necessary to compensate officers in a manner commensurate with performance and the competitive environment for executive talent. From time to time, the Compensation Committee may award compensation to our executive officers which is not fully deductible if it determines that such award is consistent with its philosophy and is in our and our stockholders' best interests.

Certain option grants made under our equity plans are intended to be structured so that any compensation deemed paid upon the exercise of those options is intended to qualify as performance-based compensation that is not subject to the \$1,000,000 limitation.

Elements of Executive Compensation

BASE COMPENSATION

We pay base salaries to provide fixed compensation based on the Compensation Committee's assessment of competitive market practices. Due to the Compensation Committee's collective experience with similar companies in the biotechnology and specialty pharmaceutical industry, the Compensation Committee has intricate knowledge and understanding of what the industry demands in order to motivate and retain our executive officers. We provide each NEO with a base salary that was established by extensive negotiations with each NEO when such individual first joined us as an employee or was promoted to the position of executive officer. Base salaries have not changed in 2008 as compared to 2007 other than for annual cost of living adjustments of 4% per year that were approved by the Compensation Committee and applied equally to all employees. While base salaries are not considered by the Internal Revenue Service to constitute performance-based compensation, each year the Compensation Committee reviews the CEO's base salary to determine if a change is appropriate based on Company performance, such as our progress on research and development programs. Similarly, the CEO reviews the base salary of the other NEOs and has the ability to propose a change in base salary based on performance to the Compensation Committee. Other than the annual cost of living increases that the Compensation Committee has approved, no formulaic base salary increases are provided to the NEOs.

PERFORMANCE-BASED COMPENSATION

Performance Goals and Periodic Performance-Based Cash Compensation

We structure our compensation programs to reward executive officers based on our performance. This allows executive officers to receive bonus compensation in the event certain specified corporate performance measures are achieved. To date, we have not instituted an annual performance-based cash compensation or annual performance-based equity compensation program because the Compensation Committee believes that the compensation objective to ensure that executive officers' compensation is aligned with our corporate strategies, business objectives and the long-term interests of our stockholders is achieved when milestone successes are met, such as meeting the predetermined endpoints in our clinical trials. The achievement of these milestones does not necessarily correspond with annual performance periods.

Performance-based cash compensation has been awarded in past years primarily to recognize the attainment of certain accomplishments of value enhancing milestones such as successful financing transactions and positive results in clinical trials. The Compensation Committee believes that performance-based compensation should be based on achievement of certain milestone successes, such as the attainment of predetermined end-points in our clinical trials, successful financing transactions and commencement of certain clinical trials.

In December of 2008, the Compensation Committee and Board of Directors approved a bonus for Anne LeDoux, Vice President and Controller and Chief Accounting Officer, in recognition of additional services performed and duties assumed during the vacancy in the position of Chief Financial Officer equal to 10% of Ms. LeDoux's base compensation paid in 2008, which bonus was paid in January 2009. No bonuses were paid to the other NEOs.

Long-Term Performance-Based Equity Incentive Program

Our executive officers, along with all of our employees, are eligible to participate in our awarding of stock options under our 2004 Equity Incentive Plan. As discussed above, we believe, with our performance-based approach to compensation, that equity ownership in us is important to tie the ultimate level of an executive officer's compensation to the performance of our stock and stockholder gains while creating an incentive for sustained growth. We have, thus far, only used stock options as the long-term performance-based equity incentive vehicle because the Compensation Committee believes that stock options maximize executive officers' incentive to increase our stock price and maximize stockholder value (i.e. there is no financial gain to an executive officer unless our stock price appreciates).

Equity compensation in the form of incentive or non-qualified stock options is awarded by the Compensation Committee from time to time. The size and the timing of each grant is based on a number of factors, including the executive officer's salary, such executive officer's contributions to the achievement of our financial and strategic objectives, the value of the stock option at the time of grant, the possible value of the option if we achieve our objectives and industry practices and norms from the collective knowledge of the Compensation Committee as seasoned executives of, consultants to, board and compensation members of, and venture capitalists with investments in similar companies in the industry. The relative weight given to each of these factors varies among individuals at the Compensation Committee's discretion. There is no set formula for the granting of stock options to individual executives and employees. Grants also may be made following a significant change in job responsibility or in recognition of a significant achievement. In November 2008, Ms. Loewy was granted stock options for 800,000 shares upon her appointment as our Chief Financial Officer. Other than Ms. Loewy's stock option grant, no other NEOs received stock option grants in 2008.

Stock options granted to NEOs under the various stock plans generally have a four or five-year vesting schedule in order to provide an incentive for continued employment and generally expire ten years from the date of the grant. This provides a reasonable time frame in which to provide the executive officer with the possibility of price appreciation of our shares. The exercise price of options granted under the stock plans is 100% of the fair market value of the underlying stock on the date of grant.

We grant all stock option awards based on the fair market as of the date of grant. We do not have a policy of granting stock option awards at other than the fair market value. The exercise price for stock option grants is determined by looking at the fair market value of the last quoted price per share on the Nasdaq Capital Market on the date of grant. We do not have a policy and do not intend to have a policy or practice to select option grant dates for executive officers in coordination with the release of material information to the public.

SEVERANCE AND CHANGE IN CONTROL ARRANGEMENTS

In July 2007, we entered into Severance and Change in Control Agreements with each of our executive officers: Joseph K. Belanoff, M.D., Chief Executive Officer; Robert L. Roe, M.D., President; and Anne M. LeDoux, Chief Accounting Officer. The terms of the agreements are identical. In September 2008, we amended and restated the Severance and Change in Control Agreements with each of our executive officers to adopt technical amendments to the agreements in order to comply with Section 409A of the Internal Revenue Code. In November 2008, Caroline M. Loewy entered into a Severance and Change in Control Agreement with us, in connection with her appointment as our Chief Financial Officer. For a detailed description of the Severance and Change in Control Agreements, see the *Potential Payments Upon Termination or Change in Control - Severance and Change in Control Agreements*, below.

These severance and change in control arrangements are designed to retain these executives in these key positions as we compete for talented executives in the marketplace where such protections are commonly offered. These arrangements provide benefits to encourage the executives to continue to provide necessary or desirable service to us during a change in control and to ease the transition of the executives due to an unexpected employment termination by us due to changes in our employment needs.

OTHER ELEMENTS OF COMPENSATION AND PERQUISITES

401(k) Plan. We have a Section 401(k) Savings/Retirement Plan (the 401(k) Plan) to cover our eligible employees and any designated affiliate. The 401(k) Plan permits our eligible employees to defer up to 100% of their annual compensation, subject to certain limitations imposed by the Internal Revenue Code. The employees' elective deferrals are immediately vested and non-forfeitable upon contribution to the 401(k) Plan. We currently make no matching contributions to the 401(k) Plan. Our employees are eligible to participate in the 401(k) Plan on the first day of the month coinciding with or immediately following the first day of employment.

Medical Insurance. We, at our sole cost, provide to each employee (including each NEO), and his or her spouse and children such health, dental and optical insurance as we may from time to time make available to our other employees of the same level of employment. Such insurance programs are part of an overall broad-based total compensation program designed to facilitate our ability to attract and retain employees as we compete for talented individuals in the marketplace where such benefits are commonly offered.

Life and Disability Insurance. We provide each employee (including each NEO) such disability and/or life insurance as we in our sole discretion may from time to time make available to our other employees of the same level of employment. Such insurance programs are part of an overall broad-based total compensation program designed to facilitate our ability to attract and retain employees as we compete for talented individuals in the marketplace where such benefits are commonly offered.

POLICIES WITH RESPECT TO EQUITY COMPENSATION AWARDS

We grant all stock option awards based on the fair market value as of the date of grant. We do not have a policy of granting stock option awards at other than the fair market value. The exercise price for stock option grants is determined by looking at the fair market value of the last quoted price per share on the Nasdaq Capital Market on the date of grant. We do not have a policy and do not intend to have a policy or practice to select option grant dates for executive officers in coordination with the release of material information to the public.

SUMMARY COMPENSATION TABLE

The following table provides compensation information for the years ended December 31, 2008, 2007 and 2006 for each of our named executive officers.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards ⁽¹⁾ (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Joseph K. Belanoff, M.D., Chief Executive Officer	2008	\$ 427,448			\$ 282,500				\$ 709,948
	2007	\$ 411,008	\$ 102,752		\$ 200,104				\$ 713,864
Caroline M. Loewy, Chief Financial Officer ⁽²⁾	2008	\$ 25,000			\$ 14,544				\$ 39,544
Robert L. Roe, M.D., President	2008	\$ 393,927			\$ 285,140			\$ 900	\$ 679,967
	2007	\$ 378,776	\$ 95,294		\$ 285,556			\$ 2,400	\$ 762,026
	2006	\$ 364,208			\$ 268,111			\$ 2,325	\$ 634,644
Anne LeDoux, Vice President and Controller (Chief Accounting Officer)	2008	\$ 208,000	\$ 20,800		\$ 65,545				\$ 294,345
	2007	\$ 191,777	\$ 47,944		\$ 86,890				\$ 326,611
	2006	(3)	(3)		(3)				(3)

(1) Amounts shown do not reflect compensation actually received by the named executive officers or the actual value that may be recognized by the named executive officers with respect to these awards in the future. Instead, the amounts shown are the dollar amounts recognized by us as compensation expense for financial reporting purposes in 2008 for option awards pursuant to SFAS 123R, excluding estimates of forfeitures related to service-based vesting conditions. The relevant assumptions used to calculate the value of the option awards are set forth in our 2008 Annual Report on Form 10-K under Part II Item 8 Financial Statements Notes 1 the Notes to Financial Statements Accounting Policies and Estimates Stock-Based Compensation .

(2) Caroline Loewy joined us in November 2008 as Chief Financial Officer.

(3) Anne LeDoux served as Chief Accounting Officer from April 2007 until November 2008. Compensation earned in 2006 was not in a position as an executive officer.

GRANTS OF PLAN-BASED AWARDS DURING 2008

The following table summarizes the grants of stock and option awards we made to the named executive officers in 2008.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options ⁽¹⁾ (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)
		Thres-hold (\$)	Target (\$)	Maxi-mum (#)	Thres-hold (#)	Target (#)	Maxi-mum (#)				

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Joseph K. Belanoff, M.D.				
Caroline M. Loewy	11/28/08	800,000 ⁽²⁾	\$ 1.02	\$ 616,000
Robert L. Roe, M.D.				
Anne LeDoux				

(1) The value of the option award is based on the fair value as of the grant date of the award (determined pursuant to SFAS 123R) multiplied by the number of shares. Refer to Notes 1 Accounting Policies and Estimates Stock-Based Compensation included in the Part II Item 8 Financial Statements in our Annual Report on Form 10-K for the relevant assumptions used to determine the valuation of our option awards.

(2) The options were granted under our 2004 Equity Incentive Plan.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table summarizes unexercised options that have not vested and related information for each of our named executive officers as of December 31, 2008.

Name	Option Awards					Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	
Joseph K. Belanoff, M.D.	416,680 ⁽³⁾	583,320		\$ 1.50	4/16/2017				
Caroline M. Loewy		800,000 ⁽²⁾		\$ 1.02	11/28/2018				
Robert L. Roe, M.D.	10,000 ⁽¹⁾			\$ 0.10	10/1/2010				
	100,000 ⁽¹⁾			\$ 7.00	11/23/2013				
	76,780 ⁽¹⁾	23,220		\$ 4.82	2/10/2015				
	34,376 ⁽²⁾	15,624		\$ 4.95	3/2/2016				
	291,676 ⁽³⁾	408,324		\$ 1.50	4/16/2017				
Anne M. LeDoux	16,359 ⁽¹⁾	1,141		\$ 12.00	4/16/2014				
	35,470 ⁽¹⁾	7,030		\$ 7.73	10/6/2014				
	9,763 ⁽¹⁾	5,237		\$ 5.70	9/23/2015				
	52,085 ⁽³⁾	72,915		\$ 1.50	4/16/2017				

(1) The option vests at the rate of 20% at the first anniversary of the grant date and, thereafter, at the rate of 1.67% per month, until fully vested.

(2) The option vests at the rate of 25% at the first anniversary of the grant date and, thereafter, at the rate of 2.0834% per month, until fully vested.

(3) The option vests at the rate of 2.0834% per month until fully vested.

OPTION EXERCISES AND STOCK VESTED

None of our named executive officers exercised stock options during 2008. To date, no stock awards have been granted to any of our named executive officers.

PENSION BENEFITS

None of our named executive officers participate in or have account balances in qualified or non-qualified defined benefit plans sponsored by us.

NONQUALIFIED DEFERRED COMPENSATION

None of our named executives participate in or have account balances in non-qualified defined contribution plans or other deferred compensation plans maintained by us.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL

Severance and Change of Control Agreements

In July 2007, we entered into Severance and Change in Control Agreements with each of our executive officers: Joseph K. Belanoff, M.D., Chief Executive Officer; Robert L. Roe, M.D., President; and Anne M. LeDoux, Chief Accounting Officer. In September 2008, we amended and restated Severance and Change in Control Agreements with each of our named executive officers to adopt technical amendments to the agreements in order to comply with Section 409A of the Internal Revenue Code. In November 2008, Caroline M. Loewy entered into a Severance and Change in Control Agreement with us, in connection with her appointment as our Chief Financial Officer. The terms of the agreements are identical. The agreements provide that, if employment is terminated without cause or for good reason regardless of whether it is in connection with a change in control, the executive will be eligible for 12 months of his or her then current base salary and continued health insurance coverage for such 12-month period. In addition, the agreements provide for the full vesting of all outstanding equity awards in the event the executive employment is terminated without cause or for good reason within 18 months following a change in control. The agreement with Dr. Roe supersedes his prior agreement with us. The other executive officers did not have prior employment or severance agreements.

The following table reflects compensation payable to each named executive officer under a change of control or various employment termination events. The amounts shown below assume that (i) a change of control of the Company or (ii) each named executive officer terminated employment with the Company, was effective as of December 31, 2008, and estimates the value to the named executive officer as a result of each triggering event.

Name	Benefit	Termination Without Cause	Involuntary Termination Other Than for Death, Disability or Cause Within 18 Months of Change of Control
Joseph K. Belanoff, M.D.	Base Salary	\$ 427,448	\$ 427,448
	Accelerated Vesting, of Stock Options ⁽¹⁾		(2)
	Health Benefit	\$ 13,159	\$ 13,159
Caroline M. Loewy	Base Salary	\$ 300,000	\$ 300,000
	Accelerated Vesting, of Stock Options ⁽¹⁾		(2)
	Health Benefit	\$ 11,535	\$ 11,535
Robert L. Roe, M.D.	Base Salary	\$ 393,927	\$ 393,927
	Accelerated Vesting, of Stock Options ⁽¹⁾		(2)
	Health Benefit	\$ 9,910	\$ 9,910
Anne M. LeDoux	Base Salary	\$ 208,000	\$ 208,000
	Accelerated Vesting, of Stock Options ⁽¹⁾		(2)
	Health Benefit	\$ 16,320	\$ 16,320

(1) Assumes that the stock options were not assumed or substituted by the successor entity to the Company or a parent or subsidiary of the successor entity.

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- (2) For unvested options held by named executive officers as of December 31, 2008, the value ascribed to the change of control acceleration features under the Severance and Change of Control Agreements is calculated as follows:
- a. There is no value ascribed to any unvested options as the exercise price of all options to these individuals equaled or exceeded the closing stock price for the Company's common stock on the Nasdaq Capital Market as of December 31, 2008.
 - b. If there had been any options to these individuals where the closing stock price for the Company's common stock on the Nasdaq Capital Market as of December 31, 2008 had exceeded the exercise price of the options, the value of the acceleration benefit on change of control would have been calculated as the difference between these factors multiplied by the number of unvested options as of that date.

Equity Compensation Plan Information

The following table provides information as of December 31, 2008 with respect to the shares of our common stock that may be issued under all of our existing equity compensation plans, including the 2004 Equity Incentive Plan and the 2000 Stock Option Plan.

Plan Category	(a) Number of Securities to Be Issued upon Exercise of Outstanding Options	(b) Weighted Average Exercise Price of Outstanding Options	(c) Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column(a)) ⁽²⁾
Equity compensation plans approved by stockholders	5,131,636	\$ 2.70	433,636 ⁽¹⁾⁽²⁾
Equity compensation plans not approved by stockholders			
Total	5,131,636	\$ 2.70	433,636

(1) This figure represents shares of common stock remaining available for future issuance under our 2004 Equity Incentive Plan as of December 31, 2008.

(2) The 2004 Equity Incentive Plan contains an evergreen provision that automatically increases on the first business day of each fiscal year beginning January 1, the least of an additional (i) 1,000,000 shares of our common stock, (ii) 2% of the outstanding shares of common stock on the immediately preceding December 31, or (iii) an amount determined by the Board. None of our other plans has an evergreen provision. On December 16, 2008, the Board of Directors authorized an evergreen increase in the shares available for grant under the 2004 Plan in the amount of 995,264 shares. This increase, which was effective on January 1, 2009, represented 2% of the shares of our common stock outstanding on December 31, 2008.

DIRECTOR COMPENSATION

The following table provides compensation information for the one year period ended December 31, 2008, for each member of our Board of Directors.

Name	Fees Earned or Paid in		Option Awards (\$) ⁽¹⁾	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
	Cash (\$)	Stock Awards (\$)					
James N. Wilson ⁽²⁾			\$ 71,250			\$ 85,490 ⁽²⁾	\$ 156,740
Joseph K. Belanoff, M.D. ⁽³⁾							
Allen Andersson ⁽⁴⁾	\$ 15,000		\$ 48,918				\$ 63,918
G. Leonard Baker, Jr. ⁽⁴⁾	\$ 15,000		\$ 52,761				\$ 67,761
Joseph C. Cook, Jr. ⁽⁴⁾	\$ 25,000		\$ 13,370				\$ 38,370
Patrick G. Enright ⁽⁴⁾	\$ 16,250		\$ 22,313				\$ 38,563
James A. Harper ⁽⁴⁾	\$ 15,000		\$ 46,445				\$ 61,445
David L. Mahoney ⁽⁴⁾	\$ 25,000		\$ 64,401				\$ 89,401
Alix Marduel, M.D. ⁽⁵⁾	\$ 6,000		\$ 12,813				\$ 18,813
Edward E. Penhoet, Ph.D. ⁽⁴⁾	\$ 9,000		\$ 16,693				