UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2019

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission File Number: 000-50679

CORCEPT THERAPEUTICS INCORPORATED

(Exact Name of Corporation as Specified in Its Charter)

Delaware	**77-0487658**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

149 Commonwealth Drive
Menlo Park, CA 94025
(Address of principal executive offices) (zip code)

(650) 327-3270
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 par value	CORT	The Nasdaq Stock Market

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Acts. Yes ☐ No ☒

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The aggregate market value of voting and non-voting common equity held by non-affiliates of the Registrant as of June 30, 2019 was $1,071,264,355, based on the closing price of $11.15 for shares of the Registrant's common stock as reported on the Nasdaq Stock Market on June 28, 2019, the last trading day before June 30, 2019. Shares of common stock beneficially owned by each executive officer, director and holder of more than 10% of our common stock have been excluded, in that such persons may be deemed to be affiliates. This calculation does not reflect a determination that certain persons are affiliates of the Registrant for any other purpose.

On February 12, 2020 there were 114,594,745 shares of common stock outstanding at a par value of $0.001 per share.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive proxy statement for its 2020 Annual Meeting of Stockholders are incorporated by reference in Items 10, 11, 12, 13 and 14 of Part III.

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Form 10-K

For the year ended December 31, 2019

PART I

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

- our ability to manufacture, market and sell Korlym® (mifepristone) 300 mg Tablets ("Korlym");
- our estimates regarding enrollment in and the completion dates of our clinical trials and the anticipated results of these trials;
- the progress and timing of our research and development programs and the regulatory activities associated with them;
- our ability to realize the benefits of orphan drug designation for Korlym and the impact of possible future competition for Korlym or our product candidates;
- our estimates for future performance, including revenue and profits;
- the timing of the market introduction of future product candidates, including new uses for Korlym and any of our proprietary selective cortisol modulators;
- our ability to manufacture, market, commercialize and achieve market acceptance for our product candidates;
- uncertainties associated with obtaining and enforcing patents; and
- estimates regarding our capital requirements.

Forward-looking statements involve risks and uncertainties and are not guarantees of future performance. Actual events or results may differ materially for many reasons. For a more detailed discussion of the risks and uncertainties that may affect the accuracy of our forward-looking statements, see the "Risk Factors," "Overview" and "Liquidity and Capital Resources" sections of the "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of this Form 10-K. You should also carefully consider the other reports and documents we file with the Securities and Exchange Commission ("SEC").

Forward-looking statements in this Form 10-K reflect our view only as of the date of this report. Except as required by law, we undertake no obligation to update forward-looking statements.

Unless stated otherwise, all references in this document to "we," "us," "our," "Corcept," the "Company," "our company" and similar words and phrases refer to Corcept Therapeutics Incorporated.

ITEM 1. BUSINESS

Overview

We are a commercial-stage company engaged in the discovery and development of drugs that treat severe metabolic, oncologic and psychiatric disorders by modulating the effects of the hormone cortisol. Since 2012, we have marketed Korlym® (mifepristone) for the treatment of patients who suffer from Cushing's syndrome, a disease caused by excess cortisol activity.

We have discovered more than 500 proprietary, selective cortisol modulators in four structurally distinct series. These novel molecules share Korlym's affinity for the glucocorticoid receptor ("GR") but, unlike Korlym, do not bind to the progesterone receptor ("PR") and therefore do not cause effects arising from antagonism of progesterone activity, such as termination of pregnancy, endometrial thickening and vaginal bleeding. The composition of these compounds and their methods of use in a wide range of indications are covered by U.S. and foreign patents. Our lead compounds have entered the clinic as potential treatments for a variety of serious disorders - Cushing's syndrome, solid tumors (including advanced, high-grade serous ovarian cancer, metastatic pancreatic cancer and castration-resistant prostate cancer), weight gain caused by antipsychotic medications, and non-alcoholic steatohepatitis ("NASH").

The Role of Cortisol in Disease

Cortisol is a steroid hormone that plays a significant role in how the body reacts to stress. It is essential for survival. Cortisol influences metabolism and the immune system and contributes to emotional stability. Cortisol levels follow a diurnal rhythm that is essential to health, peaking upon awakening and decreasing during the day. Insufficient cortisol activity may lead to dehydration, hypotension, shock, fatigue and hypoglycemia. Excessive cortisol activity, known as hypercortisolism, may lead to a suppressed immune response, impaired glucose tolerance, diabetes, obesity, fatty liver disease, depressed mood, psychosis, wasting of the arms and legs, edema, fatigue, hypertension and other problems. Pre-clinical and clinical data suggest that cortisol reduces a patient's immune response to oncogenesis, shields certain cancer cells from the apoptotic effects of chemotherapy and facilitates the growth of others.

The challenge in treating a patient with hypercortisolism is modulating cortisol's effects without suppressing them below normal levels or disrupting cortisol's normal diurnal rhythm. Simply reducing or destroying the ability of the body to make cortisol can cause serious harm. Cortisol activity can be modulated effectively by a drug that competes with cortisol as it attempts to bind to GR. Mifepristone, the active ingredient in Korlym, is a competitive GR antagonist, as are our proprietary compounds.

Because mifepristone works by reducing the binding of excess cortisol to GR, it can modulate the effects of abnormal levels and release patterns of cortisol without compromising cortisol's healthy functions and rhythms. However, mifepristone also binds to PR, thereby terminating pregnancy and causing other adverse effects, including vaginal bleeding (a debilitating condition suffered by a significant portion of women who take Korlym). Our proprietary selective cortisol modulators bind to GR as potently as mifepristone does, but have no affinity for PR and so do not cause PR-related side effects.

Cushing's Syndrome

Background. Cushing's syndrome is the clinical manifestation of hypercortisolism. An estimated 10 to 15 of every one million people are diagnosed with Cushing's syndrome each year, resulting in approximately 3,000 new patients and a patient population in the United States of about 20,000, approximately half of whom are cured by surgery. Cushing's syndrome most often affects adults between the ages of 20 and 50.

Most people with Cushing's syndrome have one or more of the following symptoms: high blood sugar, diabetes, high blood pressure, upper body obesity, rounded face, increased fat around the neck, thinning arms and legs, severe fatigue and weak muscles. Irritability, anxiety, cognitive disturbances and depression are also common. Cushing's syndrome can affect every organ system in the body and can be lethal if not treated. The preferred treatment is surgery, which, if successful, can cure the disease. In approximately half of the patients, surgery is not successful because the tumor cannot be located or removed completely. Depending on the type of tumor, surgery can also result in a range of complications.

Korlym to Treat Patients with Cushing's Syndrome. We sell Korlym exclusively in the United States, using experienced sales representatives to call on physicians caring for patients with endogenous Cushing's syndrome (hypercortisolism). Because many people who suffer from Cushing's syndrome are undiagnosed or inadequately treated, we have developed and continue to refine and expand programs to educate physicians and patients about screening for hypercortisolism and the role Korlym can play in treating the disorder. We also have a field-based force of medical science liaisons.

We use one specialty pharmacy and one specialty distributor to distribute Korlym and provide logistical support to physicians and patients. Our policy is that no patient with Cushing's syndrome will be denied access to Korlym for financial reasons. To help us achieve that goal, we fund our own patient support programs and donate money to independent charitable foundations that help patients pay for all aspects of their Cushing's syndrome care, whether or not that care includes taking Korlym.

Relacorilant to Treat Patients with Cushing's Syndrome. We are conducting a Phase 3 trial of our proprietary, selective cortisol modulator, relacorilant, as a potential treatment for hypercortisolism. Relacorilant was well-tolerated in its Phase 1 and Phase 2 trials. Patients in the Phase 2 trial exhibited meaningful improvements in glucose control and hypertension, as well as weight loss, improved liver function, coagulopathy, cognition, mood, insulin resistance, and quality of life. Importantly, relacorilant shares Korlym's affinity for GR, but, unlike Korlym, has no affinity for PR, and so does not cause the effects associated with PR affinity, including termination of pregnancy, endometrial thickening and vaginal bleeding. Relacorilant also does not appear to cause hypokalemia (low potassium), a potentially serious adverse event that is the leading cause of patients stopping treatment with Korlym. Forty-four percent of patients in Korlym's pivotal trial experienced hypokalemia.

Relacorilant's Phase 3 trial ("GRACE"), is expected to enroll 130 patients at sites in the United States, Canada, Europe and Israel. Each patient in GRACE will receive relacorilant for 22 weeks. Those who exhibit pre-specified improvements in hypertension or glucose metabolism will then enter a 12-week, double-blind, "randomized withdrawal" phase, in which half of the patients will continue receiving relacorilant and the rest will receive placebo. GRACE's primary endpoints are the rate and degree of relapse in patients receiving placebo compared to those continuing treatment with relacorilant.

We also plan to conduct a placebo-controlled, double-blind, Phase 3 trial of relacorilant to treat patients whose Cushing's syndrome is caused by an adrenal tumor. This etiology of Cushing's syndrome has not been rigorously studied. Patients with adrenal Cushing's syndrome have poor health outcomes and would benefit from an improved understanding of the role cortisol modulation may play in their treatment.

The United States Food and Drug Association ("FDA") and the European Commission ("EC") have designated relacorilant as an orphan drug for the treatment of Cushing's syndrome. In the United States, orphan designation confers tax credits, reduced regulatory fees and, provided we obtain approval for the treatment of Cushing's syndrome, 7 years of exclusive marketing rights for relacorilant in the treatment of Cushing's syndrome, with limited exceptions. Benefits of orphan drug designation by the EC are similar, and include reduced regulatory fees and, if we obtain approval, ten years of exclusive marketing rights in the European Union ("EU") for the treatment of Cushing's syndrome. Additional benefits in the EU include protocol assistance from the European Medicines Agency ("EMA") and access to the EU's centralized marketing authorization procedure. The EC based its orphan designation on its finding that there was plausible evidence of relacorilant's efficacy and potential to confer significant clinical benefit compared to already-approved treatments.

In neither the United States nor the EU does orphan drug designation shorten the drug approval process, make approval more likely or prevent competitors from marketing other drugs for the treatment of Cushing's syndrome.

FKBP5 Gene Expression Assay. The tests used to diagnose patients with hypercortisolism and optimize their treatment are imprecise and often fail to identify patients with less severe manifestations of the disease. We have developed an assay to measure expression of the gene FKBP5, which is stimulated by cortisol activity, and have completed analytical validation pursuant to the Clinical Laboratory Improvement Amendments ("CLIA"). Clinical data indicate that FKBP5 levels are high in patients suffering from hypercortisolism (i.e., excess cortisol activity), but subside when they are successfully treated. We are testing this hypothesis in the GRACE trial. We believe successful development of this assay will enable physicians to identify new patients with hypercortisolism more easily and to better treat those already in their care.

Oncology

There is substantial in vitro, in vivo and clinical evidence that cortisol's activity allows certain solid tumors to resist treatment. In some cancers, cortisol activity promotes tumor growth. In other cancers, cortisol stimulates genes that retard cellular apoptosis. Cortisol also suppresses the body's immune response. However, activating, not suppressing, the immune system is beneficial in fighting certain cancers. Adding a cortisol modulator to a treatment regimen may help the patient's immune system combat the disease. Many types of solid tumors express GR and are potential targets for cortisol modulation therapy, among them pancreatic, ovarian, castration-resistant prostate and adrenocortical cancer. We own, or have exclusively licensed, several patents covering the use of cortisol modulators to treat pancreatic, cervical, breast, and prostate cancers.

Relacorilant in Patients with Solid Tumors. At the June 2019 annual meeting of the American Society of Clinical Oncology ("ASCO"), we presented data from our Phase 1/2 trial of relacorilant plus nab-paclitaxel (Celgene Corporation's Abraxane®) to treat patients with advanced solid tumors. Eleven of the response-evaluable patients in that trial suffered from advanced, high-grade serous ovarian cancer. Five of these patients experienced disease control of 16 weeks or greater. Of the trial's 25 response-evaluable patients with pancreatic tumors, seven had disease control of 16 weeks or greater.

These are positive results in such ill patients, particularly in patients who had received prior taxane-based treatment, and merit further investigation. A Phase 2, controlled trial of relacorilant in combination with Abraxane in patients with advanced, high-grade serous ovarian tumors is ongoing. The trial is expected to enroll 180 patients at sites in the United States and Europe. Two-thirds of the patients will receive relacorilant plus Abraxane. The rest will receive Abraxane alone. The primary endpoint is progression-free survival ("PFS"), as measured using the Response Evaluation Criteria in Solid Tumors ("RECIST").

We plan to conduct a Phase 3 trial of relacorilant plus Abraxane to treat patients with metastatic pancreatic cancer. Relacorilant has been designated an orphan drug by both the FDA and the EC for the treatment of pancreatic cancer.

We own or have exclusively licensed U.S. and European patents covering relacorilant's composition of matter and its use to treat a variety of disorders, including pancreatic cancer, castration-resistance prostate cancer ("CRPC") and other solid tumors.

Cortisol Modulators to Treat Patients with CRPC. Because androgens stimulate prostate tumor growth, androgen deprivation is a common treatment for metastatic prostate cancer. Tumors eventually escape androgen deprivation therapy through the proliferation of cells for which cortisol's stimulation of GR and cortisol's stimulation of mutated androgen receptors are primary growth factors. Combining a cortisol modulator with an androgen modulator such as Xtandi may block this escape route.

We are conducting a dose-finding trial of our proprietary, selective cortisol modulator exicorilant combined with Xtandi in patients with metastatic CRPC. Investigators at the University of Chicago are conducting a dose-finding trial of relacorilant

combined with Xtandi in the same patient population. We are providing relacorilant. In addition to patents covering its composition of matter, we own U.S. patents covering the use of exicorilant to treat CRPC.

Antipsychotic-Induced Weight Gain and NASH

In animal models, our proprietary selective cortisol modulator miricorilant potently prevents and reverses the weight gain caused by Eli Lilly and Company's antipsychotic medication Zyprexa® (olanzapine). These findings are similar to the results generated with mifepristone in the same animal models and from placebo-controlled clinical trials in which mifepristone significantly reduced the weight gain and adverse metabolic effects experienced by healthy subjects administered Zyprexa or Johnson & Johnson's antipsychotic medication Risperdal® (risperidone). The results of the clinical trials were published in the journals Advances in Therapy, Gross et al (2009) and Obesity, Gross et al (2010).

We are conducting a double-blind, placebo-controlled Phase 1b trial testing miricorilant's activity in attenuating antipsychotic-induced weight gain. We have completed the first part of this trial, which enrolled 66 healthy subjects, each of whom received ten mg per day of olanzapine and either placebo or miricorilant (600 mg) for 14 days.

The average weight gain on day eight was 3.5 kilograms in subjects who received olanzapine plus placebo, compared to 2.6 kilograms in those who received olanzapine plus miricorilant (p=0.04). On Day 15, the placebo group gained an average of 5.0 kilograms while the miricorilant group gained 3.9 kilograms (p=0.01). Markers of liver damage that often rise temporarily upon initiation of olanzapine increased less in subjects receiving miricorilant. On Day 12, the enzyme alanine aminotransferase (ALT) increased 144.5 IU/L in the placebo group compared to 111.3 IU/L in the miricorilant group (p=0.11). A similar result was measured with respect to aspartate transaminase (AST), which increased 67.2 IU/L in the placebo group but only 43.3 IU/L in the miricorilant group (p=0.02). Miricorilant was well-tolerated.

The trial's second stage is testing miricorilant dose of 900 mg. Planned enrollment is 30 healthy subjects.

We are also conducting a Phase 2, double-blind, placebo-controlled trial of miricorilant in the reversal of antipsychotic-induced weight gain. We expect to enroll 100 patients with schizophrenia at 20 sites in the United States. Study participants will continue to receive their established antipsychotic medication and will have either miricorilant (600 mg) or placebo added to their regimen for 12 weeks. The trial's primary endpoint is reduction in weight.

Miricorilant is also potent in animal models of fatty liver and liver fibrosis, precursors of NASH, a serious disorder that afflicts millions of people in the United States. We plan to conduct a double-blind, placebo-controlled Phase 2 trial evaluating miricorilant as a treatment for NASH.

Development of our Other Selective Cortisol Modulators

Our portfolio of proprietary selective cortisol modulators, which includes relacorilant, exicorilant and miricorilant, consists of more than 500 compounds in four structurally distinct series. These compounds potently bind to GR but not the progesterone, estrogen or androgen receptors. Many of them have demonstrated positive results in animal or in vitro models of cortisol modulation. We plan to continue identifying and developing proprietary, selective cortisol modulators. We hold U.S. and foreign patents covering these compounds and their methods of use in a wide range of indications. We have applied, and will continue to apply, for patents covering the composition and method of use of our products and product candidates. See "Business – Intellectual Property."

Studies by Independent Investigators

For many years we have advanced our understanding of cortisol modulation by supporting the work of independent academic investigators. These researchers have studied the utility of mifepristone or our proprietary selective cortisol modulators in a wide range of disorders, including central serous retinopathy, post-traumatic stress disorder, anxiety, alcoholism, cocaine addiction, Alzheimer's disease, ALS, Cushing's syndrome, metabolic syndrome, atherosclerosis, fatty liver disease, and solid tumors, including triple-negative breast, prostate, ovarian and non-small cell lung cancers, as well as sarcoma and melanoma.

Clinical Trial Agreements

Our clinical trials are conducted through the use of clinical research organizations ("CROs"). Our Phase 3 GRACE trial of relacorilant for the treatment of patients with Cushing's syndrome is being conducted under an agreement with ICON plc ("ICON"). IQVIA (formerly, "Novella Clinical LLC") is helping us conduct our Phase 2 trial of relacorilant to treat patients with metastatic ovarian cancer and our dose-finding trial of exicorilant to treat patients with CRPC. Medpace, Inc. ("Medpace") is helping us conduct our Phase 2 trial testing miricorilant's activity in reversing recent antipsychotic-induced weight gain. Our agreements with ICON and IQVIA may be terminated by us on 60 days' written notice or sooner if the parties mutually agree. Our agreement with Medpace may be terminated by us without cause at any time.

Research and Development Spending

We incurred $89.0 million, $75.2 million and $40.4 million of research and development expenses in the years ended December 31, 2019, 2018 and 2017, respectively, which accounted for 46 percent, 47 percent and 38 percent, respectively, of our total operating expenses in those years.

Manufacturing Korlym

We do not have manufacturing capabilities and rely on experienced contract manufacturers to produce Korlym and our product candidates. In March 2014, we entered into an agreement with Produits Chimiques Auxiliaires et de Synthese SA (“PCAS”) to produce mifepristone, the active pharmaceutical ingredient (“API”) in Korlym. In 2018, we amended this agreement and extended its term to December 31, 2021, with two one-year renewals that will occur automatically unless either party gives 12 months advance written notice of its intent not to renew. The amendment also provides for exclusivity between PCAS and Corcept, unless PCAS is unable to meet our requirements, in which case we may purchase mifepristone from another supplier.

We have agreements with two third-party manufacturers to produce and bottle Korlym tablets.

Hatch-Waxman Amendments to the Federal Food, Drug and Cosmetic Act (“FDCA”)

The FDCA establishes an approval process for generic versions of approved drugs (“Innovator Drugs”) through the submission of an Abbreviated New Drug Application (“ANDA”). An ANDA provides for marketing of a generic drug with the same active ingredients, dosage form, strength, route of administration, labeling, performance characteristics and intended use, among other things, to the Innovator Drug. ANDAs are termed “abbreviated” because they are generally not required to include preclinical and clinical data establishing safety and efficacy. Instead, generic applicants must demonstrate that their product is bioequivalent to, or performs in the same manner as, the Innovator Drug.

In seeking approval, ANDA applicants must certify to the FDA that any Orange Book patents relating to the Innovator Drug are invalid or will not be infringed by the manufacture, use or sale of the generic product. This is known as a “Paragraph IV certification.” If the owner of the Innovator Drug responds to receipt of a paragraph IV certification by suing the ANDA applicant for patent infringement, the FDA may not approve the ANDA application until the earlier of 30 months or when the trial of any infringement case concerning each such patent is favorably decided in the ANDA applicant's favor or settled, or such shorter or longer period as may be ordered by a court. This prohibition is generally referred to as the “30-month stay.” Owners of Innovator Drugs regularly challenge paragraph IV certifications and trigger 30-month stays, recognizing that the related patent litigation may take many months or years to resolve.

We are engaged in ANDA litigation with Teva Pharmaceuticals USA, Inc. ("Teva") and Sun Pharmaceutical Industries Limited (“Sun Ltd.”). In addition, Teva has challenged the validity of one of our patents in a post grant review ("PGR") proceeding before the Patent Trial and Appeal Board ("PTAB"). See "Part I, Item 3, Legal Proceedings."

Competition for Korlym

Korlym competes with established treatments, including surgery, radiation and other medications, including “off-label” uses of drugs such as ketoconazole, an anti-fungal medication. Korlym also competes with Signifor® (pasireotide) Injection, a drug marketed by the Italian pharmaceutical company Recordati S.p.A. ("Recordati") The FDA approved Signifor in December 2012 for the treatment of adult patients with Cushing’s disease who are not candidates for pituitary surgery or for whom surgery did not work. Cushing’s disease is a subset of Cushing’s syndrome.

The orphan drug marketing exclusivity period for Korlym ended in February 2019, which means a competitor that receives FDA approval for a generic equivalent of Korlym may market its drug to patients with Cushing’s syndrome, provided doing so would not infringe any of our patents. Korlym may also experience competition from generic versions and from new compounds. For example, Strongbridge Biopharma plc is conducting Phase 3 trials of levoketoconazole, a chiral form of the cortisol synthesis inhibitor ketoconazole in the United States and Europe. Recordati is developing the cortisol synthesis inhibitor osilodrostat. In November 2019, the Committee for Medicinal Products for Human Use recommended that osilodrostat be approved in the EU for the treatment of endogenous Cushing’s syndrome. Recordati has announced that it also plans to seek marketing approval for osilodrostat in the United States.

Intellectual Property

Patents and other proprietary rights are important to our business. We own ten composition of matter patents covering our selective cortisol modulators and 44 patents covering the use of cortisol modulators to treat a variety of serious disorders, including Cushing's syndrome. We have exclusively licensed seven method of use patents from the University of Chicago and own an extensive portfolio of patents in countries around the world. We have applied, and will continue to apply, for U.S. and foreign patents covering the composition and method of use of our products and product candidates.

Korlym. The composition of matter patent covering Korlym's active ingredient, mifepristone, has expired. The only other FDA-approved use of mifepristone is to terminate pregnancy. We hold 12 method of use patents listed in the FDA Orange Book covering various uses of Korlym in the treatment of patients with Cushing's syndrome, with additional patent applications that may be suitable for listing in the Orange Book under examination at the USPTO. Our current Orange Book patents have expiration dates ranging from 2028 to 2037.

To protect our market for Korlym we rely on (1) our method of use patents, (2) the significant restrictions imposed by the FDA on the use of mifepristone to terminate pregnancy and (3) the different patient populations, administering physicians and treatment settings between the use of mifepristone to terminate pregnancy and to treat Cushing's syndrome.

Oncology. We have exclusively licensed seven method of use patents from the University of Chicago covering the use of glucocorticoid receptor antagonists, including mifepristone, in the treatment of castration-resistant prostate cancer in combination with androgen deprivation agents and triple-negative breast cancer in combination with anti-cancer agents. See "Business - License Agreements."

Other Method of Use Patents. In addition to our patents relating to Cushing's syndrome, we own U.S. and foreign patents for the use of cortisol modulators in the treatment of pancreatic cancer, weight gain caused by antipsychotic medications, mild cognitive impairment, delirium, catatonia, psychosis induced by interferon-alpha therapy, migraine headaches, gastroesophageal reflux disease, neurological damage in premature infants and in the treatment of diseases using combination steroid and GR antagonist therapy. We own patents covering the optimization of mifepristone plasma levels in the treatment of patients suffering from disorders, including Cushing's syndrome, amenable to treatment with mifepristone. We also own patents covering prevention and treatment of stress disorders, improvement of therapeutic response to electroconvulsive therapy and inhibition of cognitive deterioration in adults with Down's Syndrome. The expiration dates of these patents and their foreign counterparts range from 2020 to 2038.

Composition of Matter Patents Covering Our Proprietary, Selective Cortisol Modulators. We have ten U.S. composition of matter patents containing claims relating to our next-generation cortisol modulators. Four of these patents have issued in Europe. The expiration dates of these patents and their foreign counterparts range from 2026 to 2033.

We have filed, in appropriate jurisdictions, foreign patent applications corresponding to our U.S. patents and applications. 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 we are seeking, or that competitors or other third-parties will not successfully challenge or circumvent our patents if they are issued.

We believe our patents are valid and do not infringe the patents or other proprietary rights of others. Accordingly, we believe we are not obligated to pay royalties relating to the use of intellectual property to any third parties except the University of Chicago, from which we have licensed certain patents.

License Agreements

We have exclusively licensed from the University of Chicago seven U.S. patents for (a) the use of cortisol modulators in the treatment of triple-negative breast cancer, and (b) the use of cortisol modulators to treat castration-resistant prostate cancer. We are required to pay the University of Chicago customary milestone fees and royalties on revenue from products commercialized under the issued patents or patents that may issue pursuant to the pending applications. Our license will end upon expiration of the licensed patents in 2031 and 2033 or upon notification by us to the University of Chicago. Three patents licensed from Stanford University expired in October 2018. See "Business – Intellectual Property."

Government Regulation

Prescription pharmaceutical products are subject to extensive pre- and post-approval regulation governing the testing, manufacturing, safety, efficacy, labeling, storage, record keeping, advertising and promotion of the products under the Federal Food, Drug and Cosmetic Act. All of our product candidates require regulatory approval by government agencies prior to commercialization and are subject to continued regulatory oversight thereafter. Before a new drug may be marketed in the United States the FDA generally requires the following: completion of preclinical laboratory and animal testing; submission of an

Investigational New Drug ("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's intended use; and approval by the FDA. Complying with these and other 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 the FDA must approve before beginning clinical trials in humans. If the clinical trial will be conducted in Europe, a Clinical Trial Authorization must be submitted and approved by the appropriate European regulatory agency prior to the commencement of the study. Typically, human clinical trials are conducted in three sequential phases that may overlap.

- Phase 1. The product candidate is administered to a small number of healthy subjects to provide preliminary information as to its safety, tolerability and pharmacokinetics and sometimes to provide preliminary information as to its activity and/or efficacy.

- Phase 2. The product candidate is administered to patients afflicted with the target disease to determine its preliminary efficacy, optimal dosages and to provide more evidence of safety.

- Phase 3. The product candidate is administered to a larger group of patients afflicted with the target disease to establish its risk/benefit ratio and to demonstrate with substantial evidence its efficacy and safety.

The FDA and the institutional review boards associated with clinical trial sites closely monitor the progress of clinical trials conducted in the United States and may reevaluate, alter, suspend or terminate a trial at any time for various reasons, including a belief that the subjects are being exposed to unacceptable risks. The FDA may also require that additional trials be conducted.

After Phase 3 trials are completed, drug developers submit the results of preclinical studies, clinical trials, formulation studies and data supporting manufacturing to the FDA in the form of a New Drug Applications ("NDA"). The FDA reviews an NDA upon submission and may request additional information rather than accept an NDA for filing. If the FDA accepts an NDA for filing, it may grant marketing approval (i.e., permit commercial sales), request additional information or deny the application. Once an NDA has been accepted for filing, by law the FDA has 180 days to examine the application and respond to the applicant. However, the review process is often significantly extended by FDA requests for additional information or clarification. Under the Prescription Drug User Fee Act, the FDA has a goal of responding to NDAs within ten months of the filing date for standard review, and six months for priority review, which the FDA may undertake, in its sole discretion, if a sponsor shows that its drug candidate is designed to treat a serious condition, and if approved, would provide a significant improvement in safety or effectiveness compared to marketed drugs. FDA approvals may not be granted on a timely basis or at all.

If the FDA approves a NDA, physicians may prescribe the subject drug to patients in the United States. The FDA may withdraw a product's marketing approval if compliance with regulatory standards is not maintained. The drug developer must submit periodic reports to the FDA. Adverse patient experiences with the product must be reported to the FDA, which could result in the imposition of marketing restrictions through labeling changes or removal of the product from the market. In addition, the FDA may require post-marketing studies, referred to as "Phase 4 studies," to monitor or further explore the effect of approved products, and may limit further marketing of the product based on the results of such studies.

Facilities involved in the manufacture of drugs are subject to periodic inspection by the FDA and other regulatory authorities and must comply with FDA-mandated current Good Manufacturing Practices regulations ("cGMP"). Failure to comply with statutory and regulatory requirements subjects the manufacturer to possible legal or regulatory action, including suspension of manufacturing or a product recall.

The FDA imposes complex regulations regarding the promotion and sale of pharmaceuticals, including standards for direct-to-consumer advertising, off-label promotion, and industry-sponsored scientific and educational activities. 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 regulations, mandated modification of promotional materials and labeling and the issuance of corrective information in addition to state and federal civil and criminal penalties.

A drug developer may conduct preclinical and clinical trials investigating the use of an approved drug for the treatment of other, unapproved indications. FDA approval is required before the drug can be marketed for these indications.

Marketing Approvals Outside the United States

If we choose to distribute our product candidates outside the United States, we (or our potential future partners) will have to complete an approval process similar to the one imposed by the FDA. The approval procedure and the time required for approval vary from country to country and may involve additional preclinical and clinical trials. Foreign approvals may not be granted on a timely basis, or at all. Regulatory approval of pricing is required in most countries other than the United States, which pricing

may be too low to generate an acceptable return. We are not seeking regulatory approval to market Korlym outside the United States.

Coverage and Reimbursement

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

Other Healthcare Laws

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

The federal Anti-Kickback Statute prohibits, among other things, any person from knowingly and willfully offering, soliciting, receiving or providing remuneration, directly or indirectly, to induce either the referral of an individual, for an item or service or the purchasing or ordering of a good or service, for which payment may be made under federal healthcare programs such as the Medicare and Medicaid programs. The Anti-Kickback Statute is subject to evolving interpretations. In the past, the government has enforced the Anti-Kickback Statute to reach large settlements with healthcare companies based on sham consulting and other financial arrangements with physicians. Further, a person or entity does not need to have actual knowledge of these statutes or specific intent to violate them to have committed a violation. The majority of states also have anti-kickback laws which establish similar prohibitions and in some cases may apply to items or services reimbursed by any third-party payor, including commercial insurers.

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

The federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, prohibits, among other things, knowingly and willfully executing a scheme to defraud any healthcare benefit program. In addition, HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, or HITECH, and their implementing regulations, imposes certain requirements relating to the privacy, security and transmission of protected health information on HIPAA covered entities, which include certain healthcare providers, health plans and healthcare clearinghouses, and their business associates who conduct certain activities for or on their behalf involving protected health information on their behalf. Even when HIPAA does not apply, according to the Federal Trade Commission or the FTC, failing to take appropriate steps to keep consumers' personal information secure constitutes unfair acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act, or the FTCA, 15 U.S.C § 45(a). The FTC expects a company's data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities. Individually identifiable health information is considered sensitive data that merits stronger safeguards. The FTC's guidance for appropriately securing consumers' personal information is similar to what is required by the HIPAA Security Rule.

In addition, there has been increased federal and state regulation of payments made to physicians and other healthcare providers. The Patent Protection and Affordable Care Act ("PPACA"), among other things, imposes new reporting requirements on drug manufacturers for payments made by them to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors), certain health care professionals beginning in 2022 and teaching hospitals, as well as ownership and investment

interests held by physicians and their immediate family members. Failure to submit required information may result in significant civil monetary penalties for any payments, transfers of value or ownership or investment interests that are not timely, accurately and completely reported in an annual submission. Drug manufacturers must report such payments to the government by the 90th day of each calendar year. Certain states also mandate implementation of commercial compliance programs, impose restrictions on drug manufacturer marketing practices and/or require the tracking and reporting of gifts, compensation and other remuneration to physicians.

State and foreign laws and regulations restrict business practices in the pharmaceutical industry and complicate our compliance efforts. For example, some states require companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the federal government's compliance guidance or otherwise restrict payments to healthcare providers and other potential referral sources. Some states require manufacturers to file reports relating to pricing and marketing information. Some state and local governments require the public registration of pharmaceutical sales representatives.

Certain state and foreign laws also govern the privacy and security of health information in ways that differ significantly from one another and are not preempted by HIPAA. For example, California recently enacted legislation, the California Consumer Privacy Act, or CCPA, which went into effect January 1, 2020. The CCPA, among other things, creates new data privacy obligations for covered companies and provides new privacy rights to California residents, including the right to opt out of certain disclosures of their information. The CCPA also creates a private right of action with statutory damages for certain data breaches, thereby potentially increasing risks associated with a data breach. Although the law includes limited exceptions, including for "protected health information" maintained by a covered entity or business associate, it may regulate or impact our processing of personal information depending on the context. In Europe, the General Data Protection Regulation, or GDPR, went into effect in May 2018 and imposes stringent data protection requirements for controllers and processors of personal data of persons within the EU. The GDPR applies to any company established in the EU as well as to those outside the EU if they collect and use personal data in connection with the offering of goods or services to individuals in the EU or the monitoring of their behavior. Companies that must comply with the GDPR face increased compliance obligations and risk, including more robust regulatory enforcement of data protection requirements and potential fines for noncompliance of up to €20 million or 4% of the annual global revenues of the noncompliant company, whichever is greater. In addition, the United Kingdom leaving the EU could also lead to further legislative and regulatory changes. It remains unclear how the United Kingdom data protection laws or regulations will develop in the medium to longer term and how data transfer to the United Kingdom from the EU will be regulated, especially following the United Kingdom's departure from the EU on January 31, 2020 without a deal. However, the United Kingdom has transposed the GDPR into domestic law with the Data Protection Act 2018, which remains in force following the United Kingdom's departure from the EU.

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

Employees

We are managed by experienced pharmaceutical executives. We also enlist the expertise of advisors with extensive pharmaceutical experience. As of December 31, 2019, we had 206 employees, five of whom have MDs. We consider our employee relations to be good. Our employees are not covered by a collective bargaining agreement.

About Corcept

We were incorporated in the State of Delaware on May 13, 1998. Our registered trademarks include Corcept® and Korlym®. Other service marks, trademarks and trade names referred to in this document are the property of their respective owners.

Available Information

We are subject to the information requirements of the Securities Exchange Act of 1934, as amended, and we therefore file periodic reports, proxy statements and other information with the SEC relating to our business, consolidated financial statements and other matters. The SEC maintains an Internet site, *www.sec.gov*, that contains reports, proxy statements and other information regarding issuers such as Corcept.

For more information about Corcept, including free access to our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports, visit our website at *www.corcept.com* or the SEC's website,

www.sec.gov. The information found on or accessible through our website is not incorporated into, and does not form a part of, this Form 10-K.

ITEM 1A. RISK FACTORS

Investing in our common stock involves significant risks. Before investing, carefully consider the risks described below and the other information in this Annual Report on Form 10-K, including our consolidated financial statements and related notes. The risks and uncertainties described below are the ones we believe may materially affect us. However, there may be others of which we are unaware that could materially harm our business or financial condition and cause the price of our stock to decline, in which case you could lose all or part of your investment.

Risks Related to our Commercial Activities

Failure to generate sufficient revenue from the sale of Korlym would harm our financial results and would likely cause our stock price to decline.

Our ability to generate revenue and to fund our commercial operations and development programs is dependent on the sale of Korlym to treat patients with Cushing's syndrome. Physicians will prescribe Korlym only if they determine that it is preferable to other treatments, even if those treatments are not approved for Cushing's syndrome. Because Cushing's syndrome is rare, most physicians are inexperienced diagnosing or caring for patients with the illness and it can be hard to persuade them to identify appropriate patients and treat them with Korlym.

Many factors could limit our Korlym revenue, including:

- the preference of some physicians for off-label treatments for Cushing's syndrome, such as ketoconazole;
- competition from non-medical treatments, such as surgery and radiation;
- the potential introduction of a competitor for Korlym, including a generic version of Korlym;
- the lack of availability of adequate private and government insurance coverage;
- negative publicity and political concerns about Korlym's active ingredient, mifepristone, which is approved in another drug for the termination of pregnancy; and
- technological change that makes Korlym obsolete.

Failure to generate sufficient Korlym revenue may prevent us from fully funding our planned commercial and clinical activities and would likely cause our stock price to decline.

If generic versions of Korlym are approved and successfully commercialized, our business, results of operations and financial position would be adversely affected.

The marketing exclusivity provided by Korlym's orphan drug designation expired in February 2019. Other companies may now seek to introduce generic equivalents of Korlym for the treatment of Cushing's syndrome, provided they receive FDA approval and can show that their products do not infringe patents we hold covering Korlym's use to treat patients with Cushing's syndrome or that these patents are invalid or unenforceable. If our patents are successfully challenged and a generic version of Korlym becomes available, our sales of Korlym tablets and their price could decline rapidly and significantly, which would reduce our revenue and materially harm our results of operations and financial position. Competition from a generic version of Korlym may also cause our revenue to be materially less than the public guidance we have provided, which would likely cause the price of our common stock to decline.

We have sued Teva and Sun in Federal District Court with respect to their proposed generic versions of Korlym. Litigation to enforce or defend intellectual property rights is complex, costly and involves significant commitments of management time. There can be no assurance of a successful outcome. Please see "Part I, Item 3, Legal Proceedings." Furthermore, on August 1, 2020, after the 30-month stay provided by the Hatch-Waxman Act has expired, Teva may choose to market a generic version of Korlym, notwithstanding any ongoing litigation with us. Even if we prevail in our legal action and Teva withdraws its product and pays us damages, the temporary availability of a generic version of Korlym could materially harm our results of operations and financial condition.

Other companies offer or are attempting to develop different medications to treat patients with Cushing's syndrome. The availability of competing treatments could limit our revenue from Korlym.

Since 2012, a medication developed by Novartis and now owned by the Italian pharmaceutical company Recordati, the somatostatin analogue Signifor® (pasireotide) Injection, has been marketed in both the United States and the EU for adult patients with Cushing's disease (a subset of Cushing's syndrome). Recordati is also developing the cortisol synthesis inhibitor osilodrostat to treat patients with Cushing's syndrome. Osilodrostat has been designated an orphan drug for that indication in both the EU and the United States. The EU's Committee for Medicinal Products for Human Use recommended that osilodrostat be approved in the EU for the treatment of endogenous Cushing's syndrome. Recordati has announced that it also plans to seek marketing approval for osilodrostat in the United States.

Strongbridge Biopharma plc ("Strongbridge") has received orphan drug designation in the United States and the EU for the use of the cortisol synthesis inhibitor levoketoconazole to treat patients with Cushing's syndrome. Levoketoconazole is an enantiomer of the generic anti-fungal medication, ketoconazole, that is prescribed off-label to treat patients with Cushing's syndrome. Strongbridge has completed one Phase 3 trial, which met its primary endpoint of reducing cortisol synthesis, and is conducting a second Phase 3 trial.

If we cannot continue to obtain acceptable prices or adequate insurance coverage and reimbursement for Korlym, we will be unable to generate significant revenues.

The commercial success of Korlym depends on the availability of adequate insurance coverage and reimbursement. Government payers, including Medicare, Medicaid and the Veterans Administration, as well as private insurers and health maintenance organizations, are increasingly attempting to contain healthcare costs by limiting reimbursement for medicines. If government or private payers cease to provide adequate and timely coverage and reimbursement for Korlym, physicians may not prescribe the medication and patients may not purchase it, even if it is prescribed. In addition, delays in coverage for individual patients may reduce our revenues.

In some foreign markets, drug prices and the profitability of prescription medications are subject to government control. In the United States, we expect that there will continue to be federal and state proposals for similar controls. Also, the trends toward managed health care in the United States and recent laws and legislation intended to increase the public visibility of drug prices and reduce the cost of government and private insurance programs could significantly influence the purchase of health care services and products and may result in lower prices for Korlym.

In the United States, there have been and continue to be a number of legislative initiatives to contain healthcare costs. The Patient Protection and Affordable Care Act ("PPACA"), which was passed in 2010, substantially changed the way health care is financed by both governmental and private insurers. The PPACA, among other things, expanded Medicaid program eligibility and access to commercial health insurance coverage, increased the minimum Medicaid rebates owed by manufacturers under the Medicaid Drug Rebate Program and extended the rebate program to individuals enrolled in Medicaid managed care organizations, established annual fees and taxes on manufacturers of certain branded prescription drugs, and promoted a new Medicare Part D coverage gap discount program. The PPACA also appropriated funding to comparative clinical effectiveness research, although it remains unclear how the research will affect Medicare coverage and reimbursement or how new information will influence other third-party payer policies.

Since its enactment, there have been judicial and Congressional challenges to certain aspects of the PPACA, and we expect there will be additional challenges and amendments to the PPACA in the future. For example, the Tax Cuts and Jobs Acts (the "Tax Act") was enacted, which, among other things, removed penalties for not complying with the individual mandate to carry health insurance. On December 14, 2018, a U.S. District Court Judge in the Northern District of Texas, ruled that the individual mandate is a critical and inseverable feature of the PPACA, and therefore, because it was repealed as part of the Tax Act, the remaining provisions of the PPACA are invalid as well. On December 18, 2019, the U.S. Court of Appeals for the 5th Circuit upheld the district court's decision that the individual mandate was unconstitutional but remanded the case back to the District Court to determine whether the remaining provisions of the Affordable Care Act are invalid as well. It is unclear how these decisions, subsequent appeals, if any, and other efforts to challenge, replace or repeal the PPACA will affect the law or our business. Any new limitations on, changes to, or uncertainty with respect to the ability of individuals to enroll in governmental reimbursement programs or other third-party payer insurance plans could reduce Korlym sales, which in turn could affect our ability to successfully develop and commercialize new products.

Other legislative and regulatory changes have been proposed and adopted in the United States since the PPACA was enacted. These changes included an aggregate reduction in Medicare payments to providers of 2 percent per fiscal year, which went into effect on April 1, 2013 and will remain in effect through 2029 unless additional Congressional action is taken, and the American Taxpayer Relief Act of 2012, which further reduced Medicare payments to several providers, including hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from

three to five years. Moreover, the federal government and the individual states in the United States have become increasingly active in developing proposals, passing legislation and implementing regulations designed to control drug pricing, including price or patient reimbursement constraints, discounts, formulary flexibility, marketing cost disclosure and transparency measures.

These new laws and the regulations and policies implementing them, as well as other healthcare-related measures that may be adopted in the future, could materially reduce our ability to develop and commercialize our product candidates.

The unfavorable public perception of mifepristone may limit our ability to sell Korlym.

The active ingredient in Korlym, mifepristone, is approved by the FDA in another drug for the termination of early pregnancy. As a result, mifepristone is the subject of considerable debate in the United States and elsewhere. Public perception of mifepristone may limit the acceptance of Korlym by patients and physicians. Even though we have taken measures to minimize the chance that Korlym will accidentally be prescribed to a pregnant woman, physicians may choose not to prescribe Korlym to a woman simply to avoid the risk of terminating a pregnancy.

We depend on vendors to manufacture Korlym's active ingredient, form it into tablets, package it and dispense it to patients. We also depend on vendors to manufacture the API and capsules or tablets for our product candidates. If our suppliers become unable or unwilling to perform these functions and we cannot transfer these activities to replacement vendors in a timely manner, our business will be harmed.

A single third-party manufacturer, PCAS, supplies the API in Korlym. Two other third-party manufacturers produce and bottle Korlym tablets. Our agreement with PCAS automatically renews for two one-year terms, unless either party provides 12-months' written notice of its intent not to renew. A single specialty pharmacy, Optime Care, Inc. ("Optime") dispenses the Korlym we sell directly to patients and collects payments from insurers and other payers representing approximately 99 percent of our revenue. If Optime does not adhere to its agreements with payers, it may not be able to collect some or all of the payments due to us. Our agreement with Optime has a five-year term and renews upon the written consent of both parties, subject to customary termination provisions. In addition, we may terminate the agreement for convenience.

The facilities used by our vendors to manufacture and package the API and drug product of Korlym and our product candidates must be approved by the FDA and, in some cases, the European Medicines Agency ("EMA"). We do not control the activities of these vendors, including whether they maintain adequate quality control and hire qualified personnel. We are dependent on them for compliance with the regulatory requirements known as current good manufacturing practices ("cGMPs"). If our vendors cannot manufacture material that conforms to our specifications and the strict requirements of the FDA or others, they will not be able to maintain regulatory authorizations for their facilities and we could be prohibited from using the API or drug product they have provided. If the FDA, EMA or other regulatory authorities withdraw regulatory authorizations of these facilities, we may need to find alternative vendors or facilities, which would be time-consuming, complex and expensive and could significantly hamper our ability to develop, obtain regulatory approval for and market our products. Sanctions could be imposed on us, including fines, injunctions, civil penalties, refusal of regulators to approve our product candidates, delays, suspensions or withdrawals of approvals, seizures or recalls of products, operating restrictions and criminal prosecutions, any of which could harm our business.

We may not have adequate insurance to cover our exposure to product liability claims.

We may be subject to product liability or other claims based on allegations that Korlym or one of our product candidates has harmed a patient. Such a claim may damage our reputation by raising questions about Korlym or our product candidates' safety and could prevent or interfere with product development or commercialization. Less common adverse effects of a pharmaceutical product are sometimes not known until long after the product is approved for marketing. Because the active ingredient in Korlym is used to terminate pregnancy, clinicians using Korlym in clinical trials and physicians prescribing the medicine to women must take strict precautions to ensure that it is not administered to pregnant women. Failure to observe these precautions could result in significant product liability claims.

Our product liability insurance may not fully cover our liabilities. Inability to obtain adequate insurance coverage could inhibit development of our product candidates or result in significant uninsured liability. Defending a lawsuit could be costly and divert management from productive activities.

If we are unable to maintain regulatory approval of Korlym for the treatment of patients with Cushing's syndrome or if we fail to comply with other requirements, we will be unable to generate revenue and may be subject to penalties.

We are subject to oversight by the FDA and other regulatory authorities in the United States and elsewhere with respect to our research, testing, manufacturing, labeling, distribution, adverse event reporting, storage, advertising, promotion, recordkeeping and sales and marketing activities. These requirements include submissions of safety information, annual updates on manufacturing activities and continued compliance with FDA regulations, including cGMPs, good laboratory practices and good clinical practices

("GCP"). The FDA enforces these regulations through inspections of us and the laboratories, manufacturers and clinical sites we use. Foreign regulatory authorities have comparable requirements and enforcement mechanisms. Discovery of previously unknown problems with a product or product candidate, such as adverse events of unanticipated severity or frequency or deficiencies in manufacturing processes or management, as well as failure to comply with FDA or other U.S. or foreign regulatory requirements, may subject us to substantial civil and criminal penalties, injunctions, holds on clinical trials, product seizure, refusal to permit the import or export of products, restrictions on product marketing, withdrawal of the product from the market, product recalls, total or partial suspension of production, refusal to approve pending NDAs or supplemental NDAs, and suspension or revocation of product approvals.

We cannot predict how government regulations may change. The Trump administration has taken actions that could impose significant burdens on or materially delay the FDA's ability to implement new rules, issue guidance and review and approve marketing applications. It is difficult to predict how these executive actions will be implemented, if at all, and the extent to which they will affect the FDA's ability to exercise its authority. If these executive actions impair the FDA's ability to carry out its regulatory responsibilities or if we are slow or unable to adapt to sudden changes in regulatory requirements, our regulatory compliance may lapse and we may lose marketing approval for Korlym or face enforcement action.

We may be subject to civil or criminal penalties if our marketing of Korlym violates FDA regulations or health care fraud and abuse laws.

We are subject to FDA regulations governing the promotion and sale of medications. Although physicians are permitted to prescribe drugs for any indication they choose, manufacturers may only promote products for their FDA-approved use. All other uses are referred to as "off-label." In the United States, we market Korlym to treat hyperglycemia secondary to hypercortisolism in adult patients with endogenous Cushing's syndrome who have type 2 diabetes mellitus or glucose intolerance and for whom surgery has failed or is not an option. We provide promotional materials and training programs to physicians covering the use of Korlym for this indication. The FDA may change its policies or enact new regulations at any time that restrict our ability to promote our products.

Although we believe our marketing materials and training programs do not constitute "off-label" promotion, the FDA may disagree. If the FDA determines that our promotional materials, training or other activities by our employees or agents constitute "off-label" promotion, it could require us to change them. The FDA could also subject us to regulatory enforcement actions, including issuance of a public "warning letter," injunction, seizure, civil fine or criminal penalties. Other federal or state enforcement authorities might act if they believe that the alleged improper promotion led to the submission and payment of claims for an unapproved use, which could result in significant fines or penalties under other statutory authorities, such as laws prohibiting false claims for reimbursement. Even if it is determined that we are not in violation of these laws, we may receive negative publicity, incur significant expenses and be forced to devote management time to defending our position.

We are subject to federal and state healthcare fraud and abuse regulations, including:

- the federal Anti-Kickback Statute, which prohibits, among other things, knowingly and willfully soliciting, receiving, offering or paying remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual for, or the purchase, order or recommendation of, any good or service for which payment may be made under federal health care programs such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;

- federal false claims laws, including, without limitation, the False Claims Act, which prohibit any person from knowingly presenting, or causing to be presented, a false claim for payment to the federal government, or knowingly making, or causing to be made, a false statement to get a false claim paid. In addition, the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act. Pharmaceutical companies have been prosecuted under these laws for a variety of promotional and marketing activities, such as allegedly providing free product to or entering into "sham" consulting arrangements with customers to induce such customers to purchase, order or recommend the company's products in violation of the Anti-Kickback Statute and federal false claims laws and regulations; reporting to pricing services inflated average wholesale prices that were then used by certain governmental programs to set reimbursement rates; engaging in the promotion of "off-label" uses that caused customers to submit claims to and obtain reimbursement from governmental payers for non-covered "off-label" uses; and submitting inflated best price information to the Medicaid Drug Rebate Program; the government may assert that a claim including items and services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act;

- the federal Civil Monetary Penalties law, which prohibits, among other things, offering or transferring remuneration to a federal healthcare beneficiary that a person knows or should know is likely to influence the beneficiary's decision to order or receive items or services reimbursable by the government from a particular provider or supplier;

- the federal Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), which created federal criminal laws that prohibit executing a scheme to defraud any health care benefit program or making false statements relating to health care matters;

- federal “sunshine” laws, including the federal Physician Payment Sunshine Act, that require transparency regarding financial arrangements with health care providers, such as the reporting and disclosure requirements imposed by the PPACA on drug manufacturers regarding any “transfer of value” made or distributed to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors), certain health care professionals beginning in 2022, teaching hospitals, and ownership or investment interests held by physicians and their immediate family members. Manufacturers are required to submit reports detailing these financial arrangements by the 90th day of each calendar year;

- federal consumer protection and unfair competition laws, which broadly regulate marketplace activities and activities that potentially harm consumers; and

- state law equivalents of each of the above federal laws, such as anti-kickback and false claims laws which may apply to items or services reimbursed by any third-party payer, including commercial insurers; state laws that require pharmaceutical companies to comply with the pharmaceutical industry’s voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government or otherwise restrict payments that may be made to healthcare providers; and state laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures and pricing information.

The risk of our operations being found in violation of these laws and regulations is increased by the fact that many of them have not been definitively interpreted by regulatory authorities or the courts and their provisions are open to a variety of interpretations. Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available under them, it is possible that some of our business activities, including our relationships with physicians and other healthcare providers (some of whom recommend, purchase and/or prescribe our products) and the manner in which we promote our products, could be subject to challenge. We are also exposed to the risk that our employees, independent contractors, principal investigators, consultants, vendors, distributors, and contract research organizations (“CROs”) may engage in fraudulent or other illegal activity. Although we have policies and procedures prohibiting such activity, it is not always possible to identify and deter misconduct and the precautions we take may not be effective in controlling unknown risks or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with applicable laws and regulations.

If our operations are found to be in violation of any of the laws described above or any other government regulations, we may be subject to civil and criminal penalties, damages, fines, exclusion from governmental health care programs, a corporate integrity agreement or other agreement to resolve allegations of non-compliance, individual imprisonment, and the curtailment or restructuring of our operations, any of which could adversely affect our financial results and ability to operate.

A breakdown or breach of our information technology systems or our failure to protect confidential information concerning patients or others could subject us to liability or interrupt the operation of our business.

We store valuable confidential information relating to our business, patients and employees on our computer networks and on the networks of our vendors. Despite the implementation of security measures, these networks are subject to the risk of cyberattacks, computer viruses, unauthorized access, natural disasters, terrorism, war and internet and electrical failures. They may also be manipulated by criminals seeking to commit fraud or theft. In addition, system failures could cause the loss or theft of valuable clinical trial data or otherwise disrupt our clinical and commercial activities and be expensive and time-consuming to remedy. If a disruption or security breach resulted in the disclosure of confidential or proprietary information, we could incur liability and our research, development and commercialization efforts could be delayed or otherwise harmed.

We are subject to government regulation and other legal obligations relating to privacy and data protection. Compliance with these requirements is complex and costly. Failure to comply could materially harm our business.

We are subject to statutes concerning data privacy and security, including HIPAA and the EU’s General Data Protection Regulation (“GDPR”). These and other regulatory frameworks are evolving rapidly as new rules are enacted and existing ones updated and made more stringent.

In the United States, HIPAA imposes privacy, security and breach reporting obligations with respect to individually identifiable health information upon “covered entities” (health plans, health care clearinghouses and certain health care providers), and their respective business associates, individuals or entities that create, received, maintain or transmit protected health information in connection with providing a service for or on behalf of a covered entity. HIPAA mandates the reporting of certain breaches of health information to HHS, affected individuals and if the breach is large enough, the media. Entities that are found to be in violation of HIPAA as the result of a breach of unsecured protected health information, a complaint about privacy practices or an

audit by HHS, may be subject to significant civil, criminal and administrative fines and penalties and/or additional reporting and oversight obligations if required to enter into a resolution agreement and corrective action plan with HHS to settle allegations of HIPAA non-compliance. Even when HIPAA does not apply, according to the Federal Trade Commission or the FTC, failing to take appropriate steps to keep consumers' personal information secure constitutes unfair acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act, or the FTCA, 15 U.S.C § 45(a). The FTC expects a company's data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities. Individually identifiable health information is considered sensitive data that merits stronger safeguards. The FTC's guidance for appropriately securing consumers' personal information is similar to what is required by the HIPAA Security Rule.

In addition, certain state laws govern the privacy and security of health information in certain circumstances, some of which are more stringent than HIPAA and many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts. Failure to comply with these laws, where applicable, can result in the imposition of significant civil and/or criminal penalties and private litigation. For instance, on June 28, 2018, California enacted the California Consumer Privacy Act, or CCPA, which took effect on January 1, 2020. The CCPA creates individual privacy rights for California consumers and increases the privacy and security obligations of entities handling certain personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. The CCPA may increase our compliance costs and potential liability. Similar laws have been proposed at the federal level and in other states.

The GDPR took effect in 2018. It establishes new requirements for the use and safeguarding of personal data in the EU and applies to companies established in the EU as well as companies that collect and use personal data to offer goods or services to, or monitor the behavior of, individuals in the EU (including in clinical trials). Penalties for failure to comply include fines of up to €20 million or four percent of worldwide annual revenue, whichever is greater. Data protection authorities in some of the EU member states have not completed their interpretative guidance and implementing laws and regulations, which makes compliance with the GDPR difficult. In addition, data protection authorities of the different EU countries may interpret GDPR requirements differently. Once promulgated, national and EU guidance will likely be updated from time to time, which will add complexity and cost to our collection and handling of data. In addition, the United Kingdom leaving the EU could also lead to further legislative and regulatory changes. It remains unclear how the United Kingdom data protection laws or regulations will develop in the medium to longer term and how data transfer to the United Kingdom from the EU will be regulated, especially following the United Kingdom's departure from the EU on January 31, 2020 without a deal. However, the United Kingdom has transposed the GDPR into domestic law with the Data Protection Act 2018, which remains in force following the United Kingdom's departure from the EU.

Complying with HIPAA, the GDPR and other data privacy and security requirements is complex and costly. Failure to comply by us or our vendors could subject us to litigation, government enforcement actions and substantial penalties and fines, which could harm our business.

We are dependent on the continued functioning of the FDA and other federal instrumentalities. Inadequate funding of these instrumentalities, their partial or complete closure, or their inability to hire and retain talented professionals due to uncertainties about their ability to pay their employees could materially harm our business.

The FDA's ability to carry out its mandated functions is affected by a variety of factors, including adequate government funding, the ability to hire and retain key personnel, and statutory, regulatory and policy changes. Disruptions at the FDA and other agencies may slow the time to review new drug applications and respond to other inquiries. Disruptions at the Securities and Exchange Commission ("SEC") may temporarily stop its ability to review and approve proposed financing transactions. Several times in the last few years, including for 35 days beginning on December 22, 2018, the U.S. government has shut down and many regulatory agencies, including the FDA and SEC, have had to furlough employees and stop critical activities. If a prolonged government shutdown occurs, it could significantly impair the FDA, SEC and other authorities' ability to process our submissions, which could materially harm our business.

In addition, many of our patients pay for Korlym with insurance or other support provided by payers who are funded in whole or in part by the U.S. federal government, such as Medicare, Medicaid, Tricare and the Veterans Administration. If a partial or total shutdown of the federal government prevents these payers from funding their obligations, our revenues could decline.

Changes in federal, state and local tax laws may reduce our net earnings.

Our earnings are subject to federal, state and local tax. We offset a portion of our earnings using net operating losses and our taxes using research and development tax credits, which reduces the amount of tax we pay. Some jurisdictions require that we pay taxes or fees calculated as a percentage of sales, payroll expense, or other indicia of our activities. Please see "Part IV, Item 16, Notes to Consolidated Financial Statements - Income Taxes." Changes to existing tax laws that we cannot control or predict could materially increase the amount of taxes and fees we must pay. For example, an increase in income tax rates or a reduction or

elimination of net operating losses and research and development tax credits could significantly increase our tax expense, which would reduce our net income and adversely affecting our results of operations.

A disaster could damage our own or our manufacturers' facilities and equipment, which could require us to cease or curtail operations.

Our business is vulnerable to damage from various types of natural disasters or other disruptive events, including earthquakes, fires, floods, power losses and communications failures. Our headquarters are in the San Francisco Bay Area, which is earthquake-prone. Our specialty pharmacy and tablet manufacturer are in areas subject to hurricanes and tornadoes. Political considerations relating to mifepristone put us and our manufacturers at increased risk of protests and disruptive events. If a disaster were to occur, we might not be able to operate our business. Our insurance may not cover or be adequate to cover losses resulting from disasters or other business interruptions.

Risks Related to our Research and Development Activities

Clinical drug development is lengthy, expensive and often unsuccessful. Results of early studies and trials are often not predictive of later trial results. Failure can occur at any stage of drug development. Our efforts to discover, develop and commercialize our product candidates may not succeed.

Clinical development is expensive, lengthy and often unsuccessful. Data from clinical trials are susceptible to varying interpretations, which could delay, limit or prevent regulatory approval. The results from early clinical trials are often not predictive of results in later clinical trials. Product candidates may fail to show the desired safety and efficacy traits despite having produced positive results in preclinical studies and initial clinical trials. Many companies have suffered significant setbacks in late-stage clinical trials due to lack of efficacy or unanticipated or unexpectedly severe adverse events.

Our current clinical trials may prove inadequate to support marketing approvals. Even trials that generate positive results may have to be confirmed in much larger, more expensive and lengthier trials before we could realistically seek regulatory approval of a product candidate.

Clinical trials may be delayed by many factors, including:

- delays obtaining regulatory permission to start a trial, changes to the size or design of a trial or changes in regulatory requirements for a trial already underway;
- inability to secure acceptable terms with vendors and an appropriate number of clinical trial sites;
- delays or inability to obtain institutional review board ("IRB") approval at prospective trial sites;
- slow patient enrollment;
- failure of patients or investigators to comply with the clinical trial protocol;
- unforeseen safety issues; and
- negative findings of inspections of clinical sites or manufacturing operations by us, the FDA or other authorities.

A trial may be suspended or terminated by us, the trial's data safety monitoring board, the IRBs governing the sites where the trial is being conducted or the FDA for many reasons, including failure to comply with regulatory requirements or clinical protocols, negative findings in an inspection of our clinical trial operations or trial sites by the FDA or other authorities, unforeseen safety issues, failure to demonstrate a benefit or changes in government regulations.

During the development of a product candidate, we may decide, or the FDA or other regulatory authorities may require us, to conduct more pre-clinical or clinical studies or to change the size or design of a trial already underway, which could delay or prevent the completion of development and increase its cost. Even if we conduct all of the clinical trials and supportive studies that we consider appropriate and the results are positive, we may not receive regulatory approval.

Vendors manufacture and distribute the drug product we use in our trials, conduct and manage some of our clinical trials and perform data collection and analysis. Failure of these vendors to perform their duties or meet expected timelines may prevent or delay approval of our product candidates.

Third-party clinical investigators and clinical sites enroll patients and CROs manage many of our trials and perform data collection and analysis. Although we control only certain aspects of these third-parties' activities, we are responsible for ensuring that every study adheres to its protocol and meets regulatory and scientific standards. If any of our vendors does not perform its duties or

meet expected deadlines or fails to adhere to applicable GCP, or if the quality or accuracy of the data it produces is compromised, affected clinical trials may be extended, delayed or terminated and we may be unable to obtain approval for our product candidates. Failure of our manufacturing vendors to perform their duties or comply with cGMPs may require us to recall drug product or repeat clinical trials, which would delay regulatory approval. If our agreements with any of these vendors terminate, we may not be able to enter into alternative arrangements in a timely manner or on reasonable terms.

We may be unable to obtain or maintain regulatory approvals for our product or product candidates.

We cannot promote a product candidate unless the FDA or comparable foreign regulatory authorities approves it, which may not happen. Obtaining regulatory approval of a drug is difficult, uncertain, lengthy and expensive. Failure can occur at any stage. In order to receive FDA approval, we must demonstrate to the FDA's satisfaction that the new drug is safe and effective for its intended use and that our manufacturing processes comply with cGMPs. Our inability or the inability of our vendors to comply with applicable FDA and other regulatory requirements can result in delays in or denials of new product approvals, warning letters, fines, consent decrees restricting or suspending manufacturing operations, injunctions, civil penalties, recall or seizure of products, total or partial suspension of product sales and criminal prosecution. Any of these or other regulatory actions could materially harm our business and financial condition.

If we receive regulatory approval for a product candidate, we will be subject to ongoing FDA requirements and oversight, such as continued safety and other reporting requirements and post-marketing restrictions. If we are not able to maintain regulatory compliance, we may not be permitted to develop our product candidates or market our products and may be subject to product recalls or seizures. Any regulatory approvals for our product candidates may require costly post-marketing studies. Future governmental action or changes in FDA policy or personnel may also result in delays or rejection of an NDA or supplemental NDA.

Obtaining regulatory approval of product candidates in foreign jurisdictions would be costly and difficult. Failure to obtain such approvals would prevent us from commercializing our product candidates outside the United States.

We may seek to commercialize our products in international markets, which would require us to receive a marketing authorization and, in many cases, pricing approval, from the appropriate regulatory authorities. These approval processes include all of the risks associated with the FDA’s approval process and, in some cases, more. Approval procedures vary between countries and can require additional pre-clinical or clinical studies. Obtaining approval may take longer than it does in the United States. Although 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 others, failure or delay in obtaining regulatory approval in one country may have a negative effect on the regulatory process in others.

Our products and product candidates may cause undesirable side effects that halt their clinical development, prevent their regulatory approval, limit their commercial potential or cause us significant liability.

Patients in clinical trials report changes in their health, including new illnesses, injuries, and discomforts, to their study doctor. Often, it is not possible to determine whether or not these conditions were caused by the drug candidate being studied or something else. As we test our product candidates in larger, longer and more extensive clinical trials, or as use of them becomes more widespread if receive regulatory approval, patients may report serious adverse events that did not occur or went undetected in previous trials. Many times, serious side effects are only detected in large-scale, Phase 3 clinical trials or following commercial approval.

Adverse events reported in clinical trials can slow or stop patient recruitment, prevent enrolled patients from completing a trial and could give rise to liability claims. Regulatory authorities could respond to reported adverse events by interrupting or halting our clinical trials or limiting the scope of, delaying or denying marketing approval. If we elect, or are required by authorities, to delay, suspend or terminate any clinical trial or commercialization efforts, the commercial prospects of such product candidates or products may be harmed, and our ability to generate product revenues from them may be delayed or eliminated.

If one of our product candidates receives marketing approval, and we or others later identify undesirable side effects or adverse events, potentially significant negative consequences could result, including but not limited to:

- regulatory authorities may suspend, limit or withdraw approvals of such product;
- regulatory authorities may require additional warnings on the label, including “boxed” warnings, or issue safety alerts other safety information about the product;
- we may be required to change the way the product is administered or conduct additional studies or clinical trials;

- we may be required to create a Risk Evaluation and Mitigation Strategy (REMS), which could include a medication guide outlining the risks of such side effects for distribution to patients, a communication plan for healthcare providers and/or other elements to assure safe use;
- the product may become less competitive;
- we may be subject to fines, injunctions or the imposition of criminal penalties; and
- we could be sued and held liable for harm caused to patients;

Any of these events could seriously harm our business.

We may face competition from companies with greater financial, technical and marketing resources than our own.

The pharmaceutical industry is competitive and subject to rapid technological change. Our potential competitors include large pharmaceutical companies, which have greater resources than our own and may develop and commercialize medications that are superior to and less expensive than ours, which could negatively affect our financial results.

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

Our commercial and research and development efforts are constrained by our limited administrative, operational and management resources. To date, we have relied on a small management team. Growth will impose significant added responsibilities on members of management, including the need to recruit and retain additional employees. Our financial performance and ability to compete will depend on our ability to manage growth effectively. To that end, we must:

- manage our sales and marketing efforts, clinical trials, research and manufacturing activities effectively;
- hire more management, clinical development, administrative and sales and marketing personnel; and
- continue to develop our administrative systems and controls.

Failure to accomplish any of these tasks could harm our business.

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

Our ability to operate successfully and manage growth depends upon hiring and retaining skilled managerial, scientific, sales, marketing, and financial personnel. The job market for qualified personnel is intensely competitive. We depend on the principal members of our management and scientific staff. Any officer or employee can terminate his or her relationship with us at any time and work for a competitor. We do not have employment insurance covering any of our personnel. The loss of key individuals could delay our research, development and commercialization efforts.

Risks Related to our Capital Needs and Financial Results

We may need additional capital to fund our operations or for strategic reasons. Such capital may not be available on acceptable terms or at all.

We are dependent on revenue from the sale of Korlym and our cash reserves to fund our commercial operations and development programs. If Korlym revenue declines, we may need to raise funds to support our plans. We may also choose to raise funds for strategic reasons. We cannot be certain funding will be available on acceptable terms or at all. In any event, equity financing would cause dilution and debt financing, if available, may involve restrictive covenants. If we obtain funds through collaborations with other companies, we may have to relinquish rights to Korlym or our product candidates. If adequate funds are not available, we may have to delay, reduce the scope of, or eliminate one or more of our development programs or even discontinue operations.

If we acquire products or product candidates, we will incur significant costs and may not realize the benefits we anticipate.

We may acquire a product or product candidate that complements our strategic plan. Such an acquisition may give rise to unforeseen difficulties and costs and may absorb significant management attention. We may not realize the anticipated benefits of any acquisition, which could dilute our stockholders' ownership interest or cause us to incur significant expenses and debt.

If we are unable to obtain or maintain orphan designation for our product candidates our financial results may be negatively affected.

In the United States and the EU, orphan drug designation confers financial incentives such as opportunities for grant funding towards clinical trial costs, tax advantages, and reduction of fees or fee waivers. Although we have received orphan drug designation for relacorilant for the treatment of patients with Cushing's syndrome and patients with pancreatic cancer in both the United States and EU, we may be unable to maintain these designations or to obtain designations for our other product candidates, which may negatively affect our financial results.

Risks Relating to Our Intellectual Property

To succeed, we must secure and maintain adequate patent protection for the composition and methods of use of our proprietary, selective cortisol modulators and for the use of Korlym to treat Cushing's syndrome and other disorders.

Patents are uncertain, involve complex legal and factual questions and are frequently the subject of litigation. The patents issued or licensed to us may be challenged at any time. Similarly, competitors and others may take actions we believe infringe our intellectual property, causing us to take legal action to defend our rights. Litigating with respect to patents and other forms of intellectual property is lengthy, expensive and requires significant management attention. Outcomes are uncertain. If we do not protect our intellectual property, competitors may erode our competitive advantage. Please see "Part I, Item 3, Legal Proceedings."

Our patent applications may not result in issued patents. Any patent issued to us may be challenged, invalidated, held unenforceable or circumvented. Our patent claims may not prevent third parties from producing competing products. The foreign countries in which we may someday operate may not protect our intellectual property to the extent the laws of the United States do. If we fail to obtain adequate patent protection in other countries, others may produce competing products in those countries based on our technology.

Third parties may allege that our patents infringe their rights. Defending against such allegations may result in costly litigation and may require us to obtain a license or bar us from commercializing our product candidates or Korlym for a new indication.

Our development and commercialization of Korlym or our selective cortisol modulators may give rise to claims that our patents or the patents we have licensed infringe the rights of others, which may require us to engage in costly, time-consuming and possibly unsuccessful litigation. If it is determined that one of our products or product candidates infringe others' patent rights, we may have to obtain licenses to those rights or delay or suspend commercial activity while we attempt to design around the infringed patent. If our efforts fail, we may be unable to commercialize the infringing product or product candidate. We do not have liability insurance for patent infringement.

We do not believe that we infringe any patents or other proprietary rights. We are not obligated to pay royalties relating to the use of intellectual property except to the University of Chicago. To maintain these licenses, we must make milestone and royalty payments. If we do not comply with our payment and other obligations, we may lose the right to commercialize cortisol modulators, including mifepristone, for the treatment of TNBC and CRPC.

Our ability to compete could be diminished if we are unable to protect our trade secrets and proprietary information.

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 proprietary information. These measures may not be adequate, in which case competitors could exploit our proprietary information to our disadvantage. If employees, consultants or anyone else breaches their agreements with us regarding our proprietary information, we may not have adequate remedies for the breach.

The mifepristone patents we own or license cover the use of mifepristone, not its composition, which may make it harder to prevent patent infringement.

We own or have exclusively licensed issued U.S. patents covering the use of cortisol modulators, including mifepristone, to treat a variety of disorders. A method of use patent covers only a particular use of a compound, not its composition. Because our patents do not cover the composition of mifepristone, we cannot prevent others from commercializing mifepristone to treat disorders not covered by our method of use patents. The availability of mifepristone for these disorders may enable patients to obtain mifepristone from other companies for indications covered by our patents. Although such "off-label" use would violate our patents, effectively monitoring compliance and enforcing our rights may be difficult and costly. Mifepristone is sold in the United States by Danco Laboratories for the termination of pregnancy. We cannot be certain that patients with Cushing's syndrome will not be able to obtain mifepristone from Danco or from another company, should it receive approval to market mifepristone for any indication.

Risks Related to Our Stock

The price of our common stock fluctuates widely and is likely to continue to do so. Opportunities for the sale of shares at any particular time may be limited.

We cannot assure investors that a liquid trading market for our common stock will exist at any particular time. As a result, holders of our common stock may not be able to sell shares quickly or at the current market price. During the 52-week period ended February 12, 2020, our average daily trading volume was approximately 814,063 shares and the intra-day sales prices per share of our common stock on The Nasdaq Stock Market ranged from $9.55 to $17.48. As of February 12, 2020, our officers, directors and principal stockholders beneficially owned approximately 16 percent of our common stock.

Our stock price can experience extreme price and volume fluctuations that are unrelated or disproportionate to our operating performance or prospects. Securities class action lawsuits are often instituted against companies following periods of stock market volatility. Such litigation is costly and diverts management's attention from productive efforts.

Factors that may cause the price of our common stock to fluctuate rapidly and widely include:

- changes in the expected or actual timing of our competitors' potential development programs, including developments in ANDA litigation and proceedings before the PTAB and the announcement of ANDA filings seeking approval for generic versions of Korlym;
- actual or anticipated variations in our operating results or changes to any public guidance we have provided;
- actual or anticipated timing and results of our clinical trials;
- disputes or other developments relating to proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our technologies;
- short selling of our common stock, the publication of speculative opinions about our business or other market manipulation activities by third parties that are intended to lower our stock price or increase its volatility;
- changes in estimates or recommendations by securities analysts or the failure of our performance to meet the published expectations of those analysts or any public guidance we have provided;
- actual or anticipated regulatory approvals of our product candidates or of competing products;
- purchases or sales of our common stock by our officers, directors or stockholders;
- changes in laws or regulations applicable to our product candidates or our competitors' products;
- technological innovations by us, our collaborators or our competitors;
- changes in the trading volume of our common stock;
- conditions in the pharmaceutical industries, including the market valuations of companies similar to Corcept;
- general market and economic conditions;
- additions or departures of key personnel;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures, collaborations or capital commitments;
- our cash and short-term investment position; and
- additional financing activities.

Our stock price may decline if our financial performance does not meet the guidance that we provided to the public, estimates published by research analysts or other investor expectations.

The guidance we provide as to our expected 2020 revenue is only an estimate of what we believe is realizable at the time we give such guidance. Our actual results may vary materially. It is difficult to predict our revenue. For example, the rate of physician adoption of Korlym and the actions of government and private payers is uncertain. We may experience competition from generic versions of Korlym, which our public revenue guidance does not anticipate. We may not meet our financial guidance or other

investor expectations for other reasons, including those arising from the risks and uncertainties described in this report and in our other public filings and public statements. Research analysts publish estimates of our future revenue and earnings based on their own analysis. The revenue guidance we provide may be one factor they consider when determining their estimates.

Research analysts may not continue to provide or initiate coverage of our common stock or may issue negative reports.

The market for our common stock may be affected by the reports financial analysts publish about us. If any of the analysts covering us downgrades or discontinues coverage of our stock, the price of our common stock could decline rapidly and significantly. Paucity of research coverage may also adversely affect our stock price.

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

Sales of a substantial number of shares of our stock in the public market could reduce its price. As additional shares of our stock become available for public resale, whether by the exercise of stock options by employees or directors or because of an equity financing by us, the supply of our stock will increase, which could cause its price to fall. Substantially all of the shares of our stock are eligible for sale, subject to applicable volume and other resale restrictions.

Our officers, directors and principal stockholders, acting as a group, could significantly influence corporate actions.

As of February 12, 2020, our officers and directors beneficially owned approximately 16 percent of our common stock. Acting together, these stockholders could significantly influence any matter requiring approval by our stockholders, including the election of directors and the approval of mergers or other business combinations. The interests of this group may not always coincide with our interests or the interests of other stockholders and may prevent or delay a change in control. This significant concentration of share ownership may adversely affect the trading price of our common stock because many investors perceive disadvantages to owning stock in companies with controlling stockholders.

Changes in laws and regulations may significantly increase our costs, which could harm our financial results.

New laws and regulations, as well as changes to existing laws and regulations, including statutes and regulations concerning the development, approval, and marketing of medications, the provisions of the PPACA requiring the reporting of aggregate spending related to health care professionals, the provisions of the Sarbanes-Oxley Act of 2002 and rules adopted by the SEC and by The Nasdaq Stock Market have and will likely continue to increase our cost of doing business and divert management’s attention from revenue-generating activities.

We may fail to comply with our public company obligations, including securities laws and regulations. Such compliance is costly and requires significant management attention.

The federal securities laws and regulations, including the corporate governance and other requirements of the Sarbanes-Oxley Act of 2002, impose complex and continually changing regulatory requirements on our operations and reporting. These developing requirements will continue to increase our compliance costs. Section 404 of the Sarbanes-Oxley Act of 2002 requires that we evaluate the effectiveness of, and provide a management report with respect to, our internal controls over financial reporting. It also requires that the independent registered public accounting firm auditing our consolidated financial statements must attest to and report on the effectiveness of our internal controls over financial reporting. If we are unable to complete the required assessment and report or if our independent registered public accounting firm is unable to issue an unqualified opinion as to the effectiveness of our internal control over financial reporting, investors could lose confidence in our financial reporting and our stock price would likely decline.

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 expensive or difficult, even if an acquisition or a management change would be beneficial to our stockholders.

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We lease 36,422 square feet of office space in Menlo Park, California for our corporate facilities. Our current lease expires in March 2022.

ITEM 3. LEGAL PROCEEDINGS

Teva ANDA Litigation.

On February 5, 2018, we received a Paragraph IV Notice Letter advising that Teva had submitted an Abbreviated New Drug Application ("ANDA") to the FDA seeking authorization to manufacture, use or sell a generic version of Korlym in the United States prior to the expiration of certain of our patents related to Korlym - U.S. Patent No. 8,921,348 (the "'348 patent") and U.S. Patent No. 9,829,495 (the "'495 patent") - which are listed in the FDA's Approved Drug Products with Therapeutic Equivalence Evaluations (referred to as the "Orange Book"). Teva's February 5, 2018 Notice Letter alleges that the '348 patent, with an expiration date in August 2028, and the '495 patent, with an expiration date in August 2036, will not be infringed by Teva's proposed product, are invalid and/or are unenforceable. On March 15, 2018, we filed a lawsuit in the U.S. District Court for the District of New Jersey against Teva for infringement of these patents. On October 12, 2018, Teva received tentative approval from the FDA for its ANDA. In accordance with the Hatch-Waxman Act, however, as a result of having filed a timely lawsuit against Teva, FDA final approval of Teva's ANDA will be stayed until the earlier of (i) August 1, 2020 (i.e., 30 months from our February 1, 2018 receipt of Teva's Paragraph IV Notice Letter) or (ii) a District Court decision finding that the identified patents are invalid, unenforceable or not infringed.

On July 6, 2018, we filed an Amended Complaint against Teva, asserting infringement of U.S. Patent No. 9,943,526 (the "'526 patent"). On February 8, 2019, we filed a second lawsuit against Teva, asserting infringement of U.S. Patent Nos. 10,166,242 (the "'242 patent"), 10,166,243 (the "'243 patent") and 10,195,214 (the "'214 patent"). On February 21, 2019, the District Court consolidated the two lawsuits. On December 13, 2019, we filed a third lawsuit against Teva, asserting infringement of U.S. Patent Nos. 10,500,216 ("the '216 patent").

No new 30-month stay results from the filing of the Amended Complaint or new lawsuits.

On May 7, 2019, Teva submitted to the PTAB a petition for post-grant review of the '214 patent, which we opposed. On November 20, the PTAB granted Teva's petition. A PTAB decision regarding the '214 patent is expected on or about November 20, 2020, subject to appeal to the United States Court of Appeals for the Federal Circuit.

We will vigorously enforce our intellectual property rights relating to Korlym, but cannot predict the outcome of these matters.

Sun ANDA Litigation

On June 10, 2019, we received a Paragraph IV Notice Letter advising that Sun had submitted an Abbreviated New Drug Application ("ANDA") to the FDA seeking authorization to manufacture, use or sell a generic version of Korlym in the United States prior to the expiration of certain of our patents related to Korlym listed in the Orange Book (the "Korlym Patents").

The Notice Letter alleges that the Korlym Patents will not be infringed by Sun Ltd.'s proposed product, are invalid and/or are unenforceable. On July 22, 2019, we filed a lawsuit in the U.S. District Court for the District of New Jersey against Sun Pharma Global FZE ("Sun FZE"), Sun Pharma Global Inc. ("Sun Pharma"), Sun Pharmaceutical Industries, Inc. ("Sun Inc."), and Sun Ltd. (collectively, "Sun") for infringement of the '348, '214, and '495 patents. Sun has denied our allegations.

In accordance with the Hatch-Waxman Act, as a result of having filed a timely lawsuit against Sun, FDA approval of Sun Ltd.'s ANDA will be stayed until the earlier of (i) 30 months from our June 10, 2019 receipt of Sun Ltd.'s Paragraph IV Notice Letter or (ii) a District Court decision finding that the '348, '214, and '495 patents are invalid, unenforceable or not infringed.

We will vigorously enforce our intellectual property rights relating to Korlym, but cannot predict the outcome of this matter.

Inter Partes Review at the PTAB

In August 2018, Neptune Generics, LLC ("Neptune") submitted a petition for Inter Partes Review ("IPR") at the PTAB of the '348 patent. Neptune is backed by Burford Capital Ltd., a U.K.-based ligation finance company, and does not have regulatory approval to sell any drug in the United States. A PTAB decision finding all claims of the '348 patent to be valid was issued on

February 10, 2020. Neptune may petition the PTAB to reconsider its decision or may appeal the ruling to the Federal Circuit Court of Appeals. We would vigorously oppose either of these actions by Neptune.

Other matters

On March 14, 2019, a purported securities class action complaint was filed in the U.S. District Court for the Northern District of California by Nicholas Melucci (*Melucci v. Corcept Therapeutics Incorporated, et al.*, Case No. 5:19-cv-01372-LHK). The complaint named us and certain of our executive officers as defendants asserting violations of Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder and alleges that the defendants made false and materially misleading statements and failed to disclose adverse facts about our business, operations, and prospects. The complaint asserts a putative class period stemming from August 2, 2017 to February 5, 2019 and seeks unspecified monetary relief, interest and attorneys' fees. On October 7, 2019, the Court appointed a lead plaintiff and lead counsel. The lead plaintiff's consolidated complaint was filed on December 6, 2019. We moved to dismiss the class action complaint on January 27, 2020, but cannot predict the outcome of this matter.

On September 30, 2019, a purported shareholder derivative complaint was filed in the United States District Court for the District of Delaware by Lauren Williams, and captioned *Lauren Williams v. G. Leonard Baker, et al.*, Civil Action No. 1:19-cv-01830. The complaint named our board of directors, including our Chief Executive Officer, as well as our Chief Financial Officer as defendants and us as nominal defendant. The complaint seeks to allege causes of action for breach of fiduciary duty, violation of Section 14(a) of the Exchange Act, insider selling and misappropriation of insider information, and waste of corporate assets. The complaint seeks an amount of damages to be proved at trial. On October 23, 2019, this action was stayed pending a resolution of the motion to dismiss filed in the securities class action. We will respond to this complaint vigorously but cannot predict the outcome of this matter.

On December 19, 2019, a second purported shareholder derivative complaint was filed in the United States District Court for the District of Delaware by Jeweltex Pension Plan, and captioned *Jeweltex Pension Plan v. James N. Wilson, et al.*, Civil Action No. 1:19-cv-02308. The complaint named our board of directors, including our Chief Executive Officer, as well as our Chief Financial Officer as defendants and Corcept Therapeutics Incorporated as nominal defendant. The complaint seeks to allege causes of action for breach of fiduciary duty, violation of section 14(a) of the Exchange Act, waste of corporate assets, contribution and indemnification, aiding and abetting, and gross mismanagement. The complaint seeks an amount of damages to be proved at trial. We will respond to this complaint vigorously but cannot predict the outcome of this matter.

In addition to the matters described above, we are involved from time to time in other legal proceedings in the ordinary course of business. Although the outcome of any pending matters and the amount, if any, of our ultimate liability with respect to them cannot be predicted with certainty, we do not believe that the ultimate outcome of such matters will have a material adverse effect on our business, results of operations or financial position.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

Market Information

Our common stock is traded on The Nasdaq Capital Market under the symbol "CORT."

Stockholders of Record and Dividends

As of February 12, 2020, we had 114,594,745 shares of common stock outstanding held by 27 stockholders of record. Because almost all of our common stock is held by brokers, nominees and other institutions on behalf of stockholders, we are unable to estimate the actual number of our stockholders. We have never declared or paid cash dividends. We do not anticipate paying cash dividends in the foreseeable future.

Sale of Unregistered Securities

None.

Repurchases of Securities

During the three months ended December 31, 2019, we paid approximately $1.9 million in employee withholding taxes due upon the vesting of, and related to, net settled equity awards. We withheld 0.2 million shares of common stock from employees to satisfy the related cost and statutory withholding requirements in connection with such net share settlement at an average price of $14.63 per share. These transactions may be deemed to be "issuer purchases" of shares.

Market Performance Graph

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

We have elected to use the Nasdaq US Benchmark TR Index and Nasdaq Biotechnology Index (consisting of a group of 120 companies in the biotechnology sector, including us) for purposes of the performance comparison that appears below, which shows the cumulative stockholder return assuming the investment of $100 and the reinvestment of any dividends and is based on the returns of the component companies weighted according to their market capitalizations.

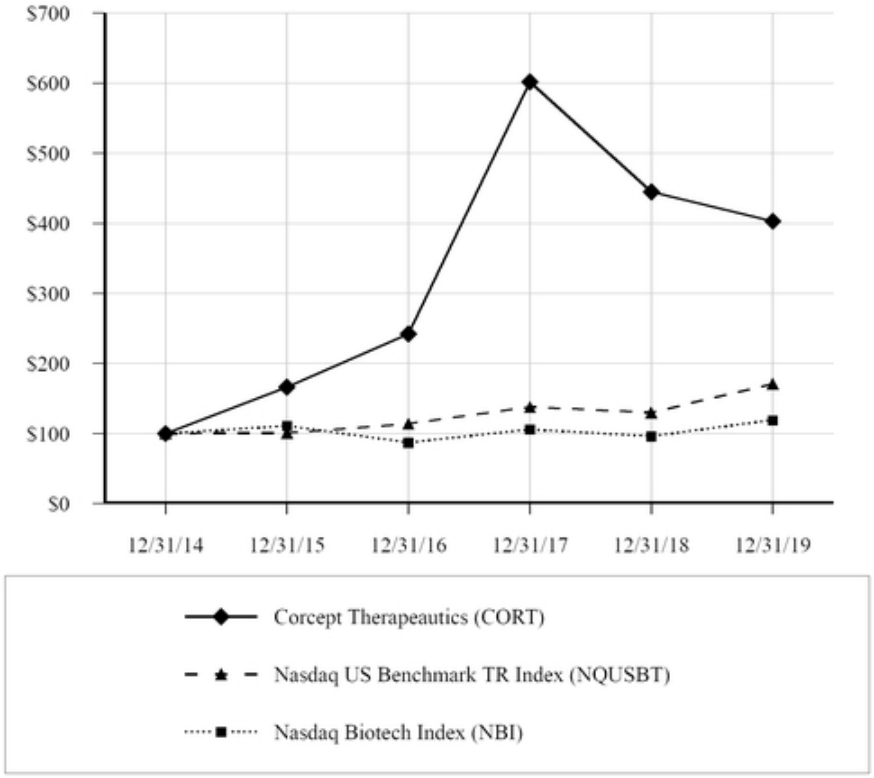
The graph shows the cumulative total stockholder return assuming the investment of $100 and the reinvestment of any dividends and is based on the returns of the component companies weighted according to their market capitalizations as of the end of the period for which returns are indicated. We have never paid dividends on our common stock.

The return shown in the graph below for our common stock is not necessarily indicative of future performance. We do not make or endorse any predictions as to future stockholder returns.

Five-Year Cumulative Total Returns of our Common Stock (CORT),

the Nasdaq US Benchmark TR Index (NQUSBT) and

the Nasdaq Biotechnology Index (NBI)



ITEM 6. SELECTED FINANCIAL DATA

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

The selected financial data set forth below are derived from our audited consolidated financial statements. The statement of operations data for the years ended December 31, 2019, 2018 and 2017 and the balance sheet data as of December 31, 2019 and 2018 are derived from our audited consolidated financial statements included in this Annual Report. The statement of operations data for the years ended December 31, 2016 and 2015 and the balance sheet data as of December 31, 2017, 2016 and 2015 have been derived from our audited financial statements, which are not included in this Annual Report. Our historical results are not necessarily indicative of our results for any future period. The selected financial data set forth below should be read in conjunction with our financial statements, the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Annual Report.

	Year Ended December 31,				
	2019	**2018**	**2017**	**2016**	**2015**
	(In thousands, except per share data)				
Statement of Operations Data:					
Product revenue, net	$ 306,486	$ 251,247	$ 159,201	$ 81,321	$ 50,286
Operating expenses:					
Cost of sales	5,504	5,215	3,554	2,058	1,361
Research and development	89,017	75,247	40,376	23,844	15,419
Selling, general and administrative	100,359	81,289	62,416	45,240	36,949
Total operating expenses	194,880	161,751	106,346	71,142	53,729
Income (loss) from operations	111,606	89,496	52,855	10,179	(3,443)
Interest and other income (expense), net	5,070	2,657	(49)	(2,039)	(2,965)
Income (loss) before income taxes	116,676	92,153	52,806	8,140	(6,408)
Income tax expense (benefit)	22,495	16,743	(76,316)	—	—
Net income (loss)	$ 94,181	$ 75,410	$ 129,122	$ 8,140	$ (6,408)
Net income (loss) per share:					
Basic	$ 0.82	$ 0.65	$ 1.14	$ 0.07	$ (0.06)
Diluted	$ 0.77	$ 0.60	$ 1.04	$ 0.07	$ (0.06)
Weighted average shares – basic	114,349	115,343	113,527	110,566	106,883
Weighted average shares – diluted	122,566	126,688	124,515	116,139	106,883
Includes certain non-cash expenses, of the following:					
Stock-based compensation					
Cost of sales	$ 144	$ 259	$ —	$ —	$ —
Research and development	9,541	7,012	3,743	1,312	839
Selling, general and administrative	19,628	16,476	9,618	5,746	5,174
Total stock-based compensation	29,313	23,747	13,361	7,058	6,013
Non-operating expense related to accretion of interest on long-term obligation	—	—	456	1,929	2,848
Total non-cash expenses	$ 29,313	$ 23,747	$ 13,817	$ 8,987	$ 8,861

	December 31,				
	2019	2018	2017	2016	2015
	(In thousands)				
Balance Sheet Data:					
Cash, cash equivalents and investments	$ 315,314	$ 206,760	$ 104,025	$ 51,536	$ 40,435
Working capital	268,517	201,247	94,616	38,315	28,104
Total assets	412,312	311,694	220,537	68,753	51,937
Debt obligation - current portion	—	—	—	14,664	14,965
Debt obligation, net of current portion	—	—	—	—	12,528
Total stockholders’ equity	371,182	275,882	190,968	41,379	18,498

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

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help the reader understand our results of operations and financial condition and is provided as a supplement to, and should be read in conjunction with, our audited consolidated financial statements and the accompanying notes to financial statements, risk factors and other disclosures included in this Form 10-K. Our consolidated financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP").

We make statements in this section that are forward-looking statements within the meaning of the federal securities laws. For a complete discussion of such forward-looking statements and the potential risks and uncertainties that may affect their accuracy, see "Forward-Looking Statements" included in "Risk Factors" in this Form 10-K and the "Overview" and "Liquidity and Capital Resources" sections of this MD&A.

Overview

We are a commercial-stage company engaged in the discovery and development of drugs that treat severe metabolic, oncologic and psychiatric disorders by modulating the effects of the hormone cortisol. Since 2012, we have marketed Korlym® (mifepristone) for the treatment of patients who suffer from Cushing's syndrome, a disease caused by excess cortisol activity.

We have discovered more than 500 proprietary, selective cortisol modulators in four structurally distinct series. Our lead compounds have entered the clinic as potential treatments for a variety of serious disorders - Cushing's syndrome, solid tumors (including advanced, high-grade serous ovarian cancer, metastatic pancreatic cancer and castration-resistant prostate cancer), weight gain caused by antipsychotic medications, and non-alcoholic steatohepatitis ("NASH").

Cushing's Syndrome

Korlym. We sell Korlym in the United States, using experienced sales representatives to call on physicians caring for patients with endogenous Cushing's syndrome (hypercortisolism). Because many people who suffer from Cushing's syndrome are undiagnosed or inadequately treated, we have developed and continue to refine and expand programs to educate physicians and patients about screening for hypercortisolism and the role Korlym can play in treating the disorder. We also have a field-based force of medical science liaisons.

We use one specialty pharmacy and one specialty distributor to distribute Korlym and provide logistical support to physicians and patients. Our policy is that no patient with Cushing's syndrome will be denied access to Korlym for financial reasons. To help us achieve that goal, we fund our own patient support programs and donate money to independent charitable foundations that help patients pay for all aspects of their Cushing's syndrome care, whether or not that care includes taking Korlym.

Relacorilant. We are conducting a Phase 3 trial of our proprietary, selective cortisol modulator, relacorilant, as a treatment for hypercortisolism.

Relacorilant's Phase 3 trial ("GRACE"), is expected to enroll 130 patients at sites in the United States, Canada, Europe and Israel. Each patient in GRACE will receive relacorilant for 22 weeks. Those who exhibit pre-specified improvements in hypertension or glucose metabolism will then enter a twelve-week, double-blind, "randomized withdrawal" phase, in which half of the patients will continue receiving relacorilant and the rest will receive placebo. GRACE's primary endpoints are the rate and degree of relapse in patients receiving placebo compared to those continuing treatment with relacorilant.

We also plan to conduct a placebo-controlled, double-blind, Phase 3 trial of relacorilant to treat patients whose Cushing's syndrome is caused by an adrenal tumor.

The FDA and the European Commission ("EC") have designated relacorilant as an orphan drug for the treatment of Cushing's syndrome. In the United States, orphan designation confers tax credits, reduced regulatory fees and, provided we obtain approval, seven years of exclusive marketing rights for relacorilant in the treatment of Cushing's syndrome, with limited exceptions. Benefits of orphan drug designation by the EC are similar, and include reduced regulatory fees and, if we obtain approval, ten years of exclusive marketing rights in the European Union ("EU") for the treatment of Cushing's syndrome. Additional benefits in the EU include protocol assistance from the European Medicines Agency ("EMA") and access to the EU's centralized marketing authorization procedure.

Oncology

Many types of solid tumors express GR and are potential targets for cortisol modulation therapy, among them pancreatic, ovarian, castration-resistant prostate and adrenocortical cancer.

Relacorilant in Patients with Solid Tumors. We are conducting a controlled Phase 2 trial of relacorilant in combination with Abraxane in patients with advanced, high-grade serous ovarian tumors. The trial is expected to enroll 180 patients at sites in the United States and Europe. Two thirds of the patients will receive relacorilant plus Abraxane. The rest will receive Abraxane alone. The primary endpoint is progression-free survival ("PFS"), as measured using the Response Evaluation Criteria in Solid Tumors (RECIST).

We plan to conduct a Phase 3 trial of relacorilant plus Abraxane to treat patients with metastatic pancreatic cancer. Relacorilant has been designated an orphan drug by both the FDA and the EC for the treatment of pancreatic cancer.

Cortisol Modulators in Patients with Castration-Resistant Prostate Cancer. We are conducting an open label, dose-finding trial of our proprietary, selective cortisol modulator exicorilant combined with Xtandi in patients with metastatic CRPC. Investigators at the University of Chicago are conducting a dose-finding trial of relacorilant combined with Xtandi in the same patient population. We are providing relacorilant. In addition to patents covering its composition of matter, we own United States patents covering the use of exicorilant to treat CRPC.

Metabolic Diseases

Antipsychotic-Induced Weight Gain and NASH. We are conducting a double-blind, placebo-controlled Phase 1b trial testing miricorilant's activity in attenuating antipsychotic-induced weight gain. The first part of this trial enrolled 66 healthy subjects, each of whom received ten mg per day of olanzapine and either placebo or miricorilant (600 mg). The duration of the trial was 14 days.

The trial's second stage is testing a miricorilant dose of 900 mg. Planned enrollment is 30 healthy subjects.

We are conducting a Phase 2, double-blind, placebo-controlled trial of miricorilant in the reversal of antipsychotic-induced weight gain. We expect to enroll 100 patients with schizophrenia at 20 sites in the United States. Study participants will continue to receive their established antipsychotic medication and will have either miricorilant or placebo added to their regimen for 12 weeks. The trial's primary endpoint is reduction in weight. We are also planning to conduct a double-blind placebo-controlled Phase 2 trial in patents with long-standing anti psychotic-induced weight gain.

Miricorilant is also potent in animal models of fatty liver and liver fibrosis. We plan to conduct a double-blind, placebo-controlled Phase 2 trial evaluating miricorilant as a treatment for NASH.

Continued Discovery and Development

We plan to continue identifying and developing proprietary, selective cortisol modulators.

Results of Operations

Net Product Revenue – Net product revenue is gross product revenue from sales to our customers less deductions for estimated government rebates and chargebacks.

Net product revenue was $306.5 million for the year ended December 31, 2019, compared to $251.2 million for the year ended December 31, 2018 and $159.2 million for the year ended December 31, 2017. The increases in net product revenue were primarily due to increased sales volume, as we shipped Korlym to more patients. Price increases represented approximately 41.6 percent, 14.3 percent and 16.6 percent of the increases in net revenue for the years ended December 31, 2019, 2018 and 2017, respectively. The increase in Korlym's price for the year ended December 31, 2019 was due to a relative decrease in the number of patients covered by Medicaid (which reimburses Korlym at a lower rate), a statutorily-mandated increase in the price paid by other government programs, and a price increase that took effect on August 1, 2019.

Cost of sales – Cost of sales includes the cost of API, tableting, packaging, personnel, overhead, stability testing and distribution.

Cost of sales was $5.5 million for the year ended December 31, 2019, as compared to $5.2 million in 2018 and $3.6 million in 2017. For the year ended December 31, 2019, cost of sales was 1.8 percent of our net product revenue, as compared to 2.1 percent in 2018 and 2.2 percent in 2017. Cost of sales as a percentage of revenue declined due to an increase in the per-tablet price of Korlym. The dollar value of our cost of sales increased in both years due to greater sales unit volumes.

Research and development expenses – Research and development expenses include the cost of (1) recruiting and compensating development personnel, (2) clinical trials, (3) drug product and preclinical studies in support of clinical trials and regulatory submissions, (4) discovery research and (5) the development of drug formulations and manufacturing processes.

Research and development expenses increased to $89.0 million for the year ended December 31, 2019 from $75.2 million for the comparable period in 2018. The increase was primarily due to increased spending on the recruitment and compensation of development personnel and on the discovery and advancement of new selective cortisol modulators, partially offset by the completion of drug-drug interaction studies related to relacorilant.

Research and development expenses increased to $75.2 million for the year ended December 31, 2018 from $40.4 million in 2017, primarily due to the clinical advancement of relacorilant and pre-clinical and clinical development of miricorilant and exicorilant.

	Year Ended December 31,		
	2019	**2018**	**2017**
	(in thousands)		
Development programs:			
Oncology	$ 21,098	$ 11,965	$ 7,465
Endocrinology	35,988	18,392	10,869
Pre-clinical and clinical selective cortisol modulators	11,120	29,380	13,605
Unallocated activities, including pre-clinical, manufacturing and regulatory activities	11,270	8,498	4,694
Stock-based compensation	9,541	7,012	3,743
Total research and development expense	$ 89,017	$ 75,247	$ 40,376

It is difficult to predict the timing and cost of development activities, which are subject to many uncertainties and risks, including inconclusive or negative results, slow patient enrollment, adverse side effects and difficulties in the formulation or manufacture of study drugs and the lack of drug-candidate efficacy. In addition, clinical development is subject to intensive government oversight and regulations that may change unpredictably and without notice. We expect our research and development expense in 2020 to be higher than it was in 2019 as our clinical programs advance. Research and development spending in future years will depend on the outcome of our pre-clinical and clinical trials and our development plans.

Selling, general and administrative expenses - Selling, general and administrative expenses include (1) compensation of employees, consultants and contractors engaged in commercial and administrative activities, (2) the cost of vendors supporting commercial activities and (3) legal and accounting fees.

Selling, general and administrative expenses for the year ended December 31, 2019 increased to $100.4 million, from $81.3 million for the comparable period in 2018. The increases in selling, general and administrative expenses were primarily due to increased spending on the recruitment and compensation of additional employees, increased legal and marketing costs, and added distribution expenses arising from increased Korlym sales volumes.

Selling, general and administrative expenses for the year ended December 31, 2018 increased to $81.3 million, from $62.4 million for the comparable period in 2017. This increase was primarily due to increases in expenses for new and existing employees, volume-related pharmacy and other distribution costs and professional service fees.

We expect our selling, general and administrative expenses to be higher in 2020 than in 2019, due to increased commercial and administrative activities arising from increased sales volumes, intellectual property litigation and support for increased research and development activity. Selling, general and administrative activities in future years will depend on the cost and extent of our commercial activities and the scope of our research and development programs.

Interest and other income (expense), net - Interest and other income (expense), net for the year ended December 31, 2019 was $5.1 million, as compared to $2.7 million for the year ended December 31, 2018 and $(0.1) million for the year ended December 31, 2017. For the years ended December 31, 2019 and 2018, interest and other income primarily consisted of interest income from marketable securities, which increased in both years due to growth in our holdings of cash and marketable securities. For the year ended December 31, 2017, interest income from marketable securities was offset by interest expense arising from the that certain Purchase and Sale Agreement entered into with Biopharma in August 2012 (the “Financing Agreement”). We extinguished our obligations under the Financing Agreement in July 2017.

Income tax expense (benefit) - Income tax expense for the years ended December 31, 2019 and 2018 was $22.5 million and $16.7 million, respectively, and consisted primarily of our current statutory tax obligation offset by benefits from research and

development tax credits and exercises of stock options. The increase in income tax expense was primarily due to an increase in net income.

Income tax benefit for the year ended December 31, 2017 was $76.3 million, primarily due to recognition of the value of a portion of our accrued net operating losses and research and development tax credits. See Note 9, Income Taxes in our audited consolidated financial statements for additional information.

Liquidity and Capital Resources

Since 2015, we have relied on revenues from the sale of Korlym to fund our operations.

Based on our current plans, which include fully funding our Cushing's syndrome commercial operations, conducting Phase 2 and Phase 3 trials of relacorilant in Cushing's syndrome and solid tumors, the development of miricorilant to treat patients with antipsychotic-induced weight gain and NASH and of exicorilant to treat patients with CRPC, we expect to fund our operations without needing to raise additional funds, although we may choose to raise additional funds for other reasons. If we were to raise funds, equity financing would be dilutive to stockholders. Debt financing, if available, could involve restrictive covenants. Funds raised through collaborations with other companies may require us to relinquish certain rights in our product candidates.

At December 31, 2019, we had cash, cash equivalents and marketable securities of $315.3 million, consisting of cash and cash equivalents of $31.3 million and marketable securities of $284.0 million, compared to cash and cash equivalents of $41.6 million and marketable securities of $165.1 million at December 31, 2018.

The cash in our bank accounts and our marketable securities could be affected if the financial institutions holdings them were to fail or be subject to adverse conditions in the financial markets. We have never experienced a loss or lack of access to cash.

Net cash provided by operating activities for the year ended December 31, 2019, 2018 and 2017 was $136.1 million, $115.7 million and $60.9 million, respectively. These increases were primarily due to greater revenue.

Net cash used in investing activities for the years ended December 31, 2019, 2018 and 2017 was $117.8 million, $90.8 million and $73.5 million, respectively, primarily due to increased purchases of marketable securities with cash generated by our operating activities.

Net cash used in financing activities for the years ended December 31, 2019, 2018 and 2017 was $28.6 million, $14.3 million and $8.0 million respectively. For the same periods, stock option exercises provided $8.4 million, $9.3 million and $7.2 million, respectively. We repurchased an aggregate of $31.0 million and $23.7 million of our common stock during the years ended December 31, 2019 and 2018, respectively, pursuant to our program to repurchase up to $100 million of our common stock (the "Stock Repurchase Program"). During the year ended December 31, 2019, we also acquired 0.5 million shares at a cost of $6.1 million in satisfaction tax withholding requirements for the settlement of employee option exercises. We had no such transactions in 2018 and 2017. Because we extinguished the Financing Agreement in 2017, we made no payments under it in 2019 and 2018, compared to payments of $15.1 million during the year ended December 31, 2017.

We had an accumulated deficit of $23.6 million and $117.7 million in 2019 and 2018, respectively.

Contractual Obligations and Commitments

The following table presents our estimates of obligations under contractual agreements as of December 31, 2019.

Contractual Obligations	Total	Less than 1 year	1-3 Years	3-5 Years	More than 5 Years
			(in thousands)		
Manufacturing purchase commitments[1]	$ 744	$ 744	$ —	$ —	$ —
Lease obligations[2]	$ 4,662	$ 1,997	$ 2,665	$ —	$ —
Research and development studies[3]	$ 350	$ 350	$ —	$ —	$ —
Total other contractual obligations	$ 5,756	$ 3,091	$ 2,665	$ —	$ —

(1) As of December 31, 2019, we had commitments to purchase $0.6 million of API from PCAS.
(2) On October 23, 2019, we amended our office lease to add more space and extend its term. Effective October 1, 2019, the lease term was extended from March 31, 2020 through March 31, 2022 for the original office space and on April 1, 2020 the lease term will begin for the additional space through March 31, 2022. At December 31, 2019, the remaining minimum rental payments due under the lease were $4.7 million.

(3) In December 2013, we entered into an agreement with Quotient Sciences Limited ("Quotient"), a clinical research organization, to assist in the management and conduct of our Phase 1 studies of miricorilant and our other selective cortisol modulators. At December 31, 2019, the total non-cancelable commitment under the agreement was approximately $0.4 million.

We have other contractual payment obligations and purchase commitments, the timing of which are contingent on future events, including the initiation and completion of manufacturing projects. In March 2014, we entered into a long-term agreement with one contract manufacturer, PCAS to produce mifepristone, the API for Korlym. On July 25, 2018, we amended this agreement to add a second manufacturing site and extend its term to December 31, 2021, with two one-year automatic renewals, unless either party provides 12 months advance written notice of its intent not to renew. The amendment provides exclusivity between PCAS and Corcept. If PCAS is unable to meet our requirements, we may purchase mifepristone from another supplier.

We have agreements with two third-party manufacturers to produce and bottle Korlym tablets.

We enter into contracts in the normal course of business with CROs for preclinical studies and clinical trials. The contracts are cancellable, with varying provisions regarding termination. If a contract with a specific vendor were to be terminated, we would only be obligated for products and services we had received as of the effective date of the termination and any applicable cancellation fees.

Net Operating Loss Carryforwards

See Note 9, *Income Taxes* in our audited consolidated financial statements.

Off-Balance Sheet Arrangements

None.

Critical Accounting Policies and Estimates

Our consolidated financial statements have been prepared in accordance with U.S. GAAP, which requires us to make estimates and judgments that affect the amount of assets, liabilities and expenses we report. We base our estimates on historical experience and on other assumptions we believe to be reasonable. Actual results may differ from our estimates. Our significant accounting policies are described in Note 1, ***Basis of Presentation and Summary of Significant Accounting Policies***, of the Notes to Consolidated Financial Statements included in Part IV of this Annual Report on Form 10-K. We believe the following accounting estimates and policies to be critical:

Net Product Revenue

To determine net product revenue, we deduct from sales the cost of our patient co-pay assistance program and our estimates of (i) government chargebacks and rebates, (ii) discounts provided to our SD for prompt payment and (iii) reserves for expected returns. We record these estimates at the time we recognize revenue and update them as new information becomes available. Our estimates take into account our understanding of the range of possible outcomes. If results differ from our estimates, we adjust our estimates, which changes our net product revenue and earnings. We report any changes in the period they become known to us, even if they concern transactions occurring in prior period.

Government Rebates

Korlym is eligible for purchase by, or qualifies for reimbursement from, Medicaid and other government programs that are eligible for rebates on the price they pay for Korlym. To determine the appropriate amount to reserve against these rebates, we identify Korlym sold to patients covered by government-funded programs, apply the applicable government discount to these sales and then estimate the portion of total rebates we expect will be claimed. We then (i) deduct this reserve from revenue in the period to which the rebates relate and (ii) include in accrued expenses on our consolidated balance sheet a current liability of equal amount.

Chargebacks

Although we sell Korlym to the SD at full price, some of the government entities to which the SD sells receive a discount. The SD recovers such discounts by reducing its payment to us (this reduction is called a "chargeback"). Chargebacks sometimes relate to Korlym sold to SD in prior periods. We deduct from our revenue in each period chargebacks claimed by the SD for Korlym we sold to the SD that period. We also create a reserve for chargebacks we estimate the SD will claim in future periods against Korlym it purchased in the current period but has not yet resold. We determine the amount of this reserve based on our experience with SD chargebacks and our understanding of the SD's customer base and business practices. We deduct this reserve from revenue and include in accrued expenses on our consolidated balance sheet a current liability of equal amount.

Patient Assistance Program and Charitable Support

It is our policy that no patient be denied Korlym due to inability to pay. We provide financial assistance to eligible patients whose insurance policies have high deductibles or co-payments and deduct the amount of such assistance from gross revenue. We determine the assistance we provide each patient by applying our program guidelines to that patient's financial position and their insurance policy's co-payment and deductible requirements. We also donate cash to charities that help patients with financial need pay for the treatment of Cushing's syndrome (which treatment may not include Korlym). We do not include in our revenue payments these charities make on behalf of patients receiving Korlym. We provide Korlym at no cost to patients without insurance who do not qualify for charitable support.

Sales Returns

For safety reasons, federal law prohibits patients from returning Korlym they have received. Korlym sold to our SD is subject to return. We deduct the amount of Korlym we estimate the SD will return from each period's gross revenue. We base our estimates on quantitative and qualitative information including, but not limited to, historical return rates, the amount of Korlym held by the SD and projected demand. If we cannot reasonably estimate returns with respect to a particular sale, we defer recognition of revenue until we can make a reasonable estimate. To date, returns have not been material.

Leases

We adopted ASC Topic 842, effective January 1, 2019, using the modified retrospective method. The reported results for fiscal year 2019 reflect the application of ASC Topic 842, while the reported results for prior fiscal years are not adjusted and continue to be reported under ASC Topic 840. Refer to *Recently Adopted Accounting Pronouncements* in Part IV, Notes to Consolidated Financial Statements regarding the adoption impact of ASC Topic 842 in the year ended December 31, 2019.

We recognize right-of-use assets and lease liabilities at lease commencement. We measure lease liabilities based on the present value of lease payments over the lease term discounted by the rate equal to the rate we would pay on a loan with monthly payments and a term equal to the monthly payments and remaining term of our lease. We estimate our incremental borrowing rate based on bank quotes and an analysis of public companies with debt and credit carrying terms similar to our lease term. We do not include in the lease term options to extend or terminate the lease unless it is reasonably certain at commencement that we will exercise any such options. We account for the lease components separately from non-lease components for our operating leases.

Inventory and Cost of Sales

We value inventory at the lower of cost or net realizable value and determine the cost of inventory we sell using the specific identification method, which approximates a first-in, first-out basis. We assess our inventory levels at each reporting period and write down inventory that is either expected to be at risk of expiration prior to sale, or has a cost basis in excess of its expected net realizable value, or for which there are inventory quantities in excess of expected requirements. We destroy expired inventory and recognize the related costs as cost of sales in that period's statement of comprehensive income.

Cost of sales includes the cost of manufacturing Korlym, including materials, third-party manufacturing costs and indirect personnel and other overhead costs, based on the number of Korlym tablets for which we recognize revenue, as well as costs of stability testing, logistics and distribution incurred during the applicable period.

Accruals of Research and Development Costs

We base our accruals for discovery research, preclinical studies and clinical trials on our estimates of work completed, milestones achieved, patient enrollment and past experience with similar activities. Our estimates include assessments of information from contract research organizations and the status of our own research, development and administrative activities.

Stock-based compensation

We account for stock-based compensation under the fair value method, based on the value of the award at the grant date. To date, our stock-based compensation has consisted entirely of option grants, which we value using the Black-Scholes model. We recognize stock-based compensation expense over the applicable vesting period, net of estimated forfeitures. If actual forfeitures differ from our estimates, we adjust stock-based compensation expense accordingly.

We recognize the expense of options granted to non-employees based on their fair value at the time of vesting.

Income Taxes

We account for income taxes in accordance with ASC 740, Income Taxes ("ASC 740"), which requires recognition of deferred tax assets and liabilities for the expected tax consequences of our future financial and operating activities. Under ASC 740, we determine deferred tax assets and liabilities based on the temporary difference between the financial statement and tax bases of assets and liabilities using the tax rates in effect for the year in which we expect such differences to reverse. If we determine that it is more likely than not that we will not generate sufficient taxable income to realize the value of some or all of our deferred tax assets (net of our deferred tax liabilities), we establish a valuation allowance offsetting the amount we do not expect to realize. We perform this analysis each reporting period and reduce or increase the size of our valuation allowance accordingly.

The deferred tax assets that we record each period depend primarily on our ability to generate future taxable income in the United States. Each period, we evaluate the need for a valuation allowance against our deferred tax assets and, if necessary, adjust the valuation allowance so that net deferred tax assets are recorded on our balance sheet only to the extent we conclude it is more likely than not that these deferred tax assets will be realized. If our outlook for future taxable income changes significantly, our assessment of the need for, and the amount of, a valuation allowance may also change.

We also account for uncertain tax positions in accordance with ASC 740, which requires us to adjust our consolidated financial statements to reflect only those tax positions that are more-likely-than-not to be sustained upon review by federal or state examiners. We recognize in the consolidated financial statements the largest expected tax benefit that has a greater than 50 percent likelihood of being sustained on examination by the taxing authorities. We report interest and penalties related to unrecognized tax benefits as income tax expenses.

Recently Issued Accounting Pronouncements

See Note 1, *Basis of Presentation and Summary of Significant Accounting Policies* in our audited consolidated financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Quantitative and Qualitative Disclosures About Market Risk

The primary objective of our investment activities is to preserve principal. As of December 31, 2019, the fair value of our cash and cash equivalents and marketable securities was $315.3 million. Our marketable securities consisted primarily of commercial paper, corporate notes, asset-backed securities, repurchase agreements, U.S. Treasury securities and a money market fund invested in short-term U.S. Treasury securities maintained at a major U.S. financial institution. To minimize our exposure to interest rate and other market risks, we have limited the maturities of our investments to less than three years, with the duration of our portfolio not to exceed two years. Due to the short-term nature and high liquidity of these instruments, an increase or decrease in market interest rates by 25 basis points would not have a material impact on the total value of our portfolio as of December 31, 2019.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports we file with the SEC is recorded, processed, summarized and filed within the time periods specified in the SEC's rules and forms and that such information is accumulated and discussed with our management, including our Chief Executive Officer and Chief Financial Officer, so as to allow timely decisions regarding disclosure. Management recognizes that controls and procedures, no matter how well designed and operated, can only provide reasonable, not absolute, assurance the desired control objectives will be met. In reaching a reasonable level of assurance, management has weighed the cost of contemplated controls against their intended benefits. The design of any system of controls is based on management's assumptions about the likelihood of future events. We cannot assure you that our controls will achieve their stated goals under all possible conditions. Changes in

future conditions may render our controls inadequate or may cause our degree of compliance with them to deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

As of December 31, 2019, our Chief Executive Officer and Chief Financial Officer evaluated our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act). Based on their evaluation, they concluded that they are effective.

There were no changes in our internal controls over financial reporting during the quarter ended December 31, 2019 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Our internal control system is designed to provide reasonable assurance regarding the preparation and fair presentation of externally-reported consolidated financial statements in accordance with U.S. GAAP. As discussed in Item 9A(a) above, internal control systems, no matter how well designed, have inherent limitations and can provide only reasonable assurance that their objectives have been met.

Our management, including our Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of our internal control over financial reporting, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013. Based on this evaluation, management concluded that, as of December 31, 2019, our internal control over financial reporting was effective.

Our independent registered public accounting firm has issued an attestation report on our internal control over financial reporting. It is set forth below.

(c) Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Corcept Therapeutics Incorporated

Opinion on Internal Control over Financial Reporting

We have audited Corcept Therapeutics Incorporated's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Corcept Therapeutics Incorporated (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets as of December 31, 2019 and 2018, the related consolidated statements comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and our report dated February 24, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ Ernst & Young LLP

Redwood City, California
February 24, 2020

ITEM 9B. OTHER INFORMATION

None.

PART III

Certain information required by Part III is omitted from this Form 10-K because we expect to file with the U.S. Securities and Exchange Commission, not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K, a definitive proxy statement ("Proxy Statement"), pursuant to Regulation 14A in connection with the solicitation of proxies for our 2020 Annual Meeting of Stockholders, and certain information included therein is incorporated herein by reference.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

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

ITEM 11. EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

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

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

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

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

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

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

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

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

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

(1) Financial Statements:

(2) Financial Statement Schedules:

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

(3) Exhibits:

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

(A) EXHIBITS

Exhibit Number	Description of Document
3.1	Amended and Restated Certificate of Incorporation, as amended (incorporated by reference to Exhibit 3.1 to the registrant's Quarterly Report on Form 10-Q filed on August 9 2012).
3.2	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed on February 13, 2017).
4.1	Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the registrant's Registration Statement on Form S-1 (Registration No. 333-112676) filed on February 10, 2004).
4.2	Description of Common Stock
4.3	Registration Rights Agreement by and among Corcept Therapeutics Incorporated and the investors signatory thereto, dated March 14, 2008 (incorporated by reference to Exhibit 10.25 to the registrant's Annual Report on Form 10-K filed on March 31, 2008).
4.4	Amendment to Registration Rights Agreement by and among Corcept Therapeutics Incorporated and the investors signatory thereto, dated November 11, 2008 (incorporated by reference to Exhibit 10.30 to the registrant's Annual Report on Form 10-K filed on March 31, 2009).
4.5	Registration Rights Agreement dated as of April 21, 2010 by and among Corcept Therapeutics Incorporated and the investors signatory thereto (incorporated by reference to Exhibit 4.2 to the registrant's Current Report on Form 8-K filed on April 23, 2010).
4.6	Registration Rights Agreement, dated as of March 29, 2012, by and among Corcept Therapeutics Incorporated and the investors signatory thereto (incorporated by reference to Exhibit 4.2 to the registrant's Current Report on Form 8-K filed on March 29, 2012).

Exhibit Number	Description of Document
10.1	License Agreement by and between The Board of Trustees of the Leland Stanford Junior University and Corcept Therapeutics Incorporated, dated as of July 1, 1999 (incorporated by reference to Exhibit 10.6 to the registrant's Registration Statement on Form S-1 (Registration No. 333-112676) filed on February 10, 2004).
10.2#	Manufacturing Agreement with Produits Chimiques Auxiliaires et de Synthese SA, dated November 8, 2006 (incorporated by reference to Exhibit 10.15 to the registrant's Annual Report on Form 10-K filed on April 2, 2007).
10.3†	Form of Indemnification Agreement for directors and officers approved by the Board of Directors on September 24, 2007 (incorporated by reference to Exhibit 10.7 to the registrant's Quarterly Report on Form 10-Q filed on November 14, 2007).
10.4	Securities Purchase Agreement by and among Corcept Therapeutics Incorporated and the purchasers named therein, dated March 14, 2008 (incorporated by reference to Exhibit 10.24 to the registrant's Annual Report on Form 10-K filed on March 31, 2008).
10.5†	Amended and Restated Severance and Change in Control Agreement by and between Corcept Therapeutics Incorporated and Joseph K. Belanoff, M. D., dated September 19, 2008 (incorporated by reference to Exhibit 10.25 to the registrant's Annual Report on Form 10-K filed on March 31, 2009).
10.6†	Amended and Restated Severance and Change in Control Agreement by and between Corcept Therapeutics Incorporated and James N. Wilson, dated September 19, 2008 (incorporated by reference to Exhibit 10.28 to the registrant's Annual Report on Form 10-K filed on March 31, 2009).
10.7†	Amended and Restated 2004 Equity Incentive Plan (incorporated by reference to the registrant's Proxy Statement on Schedule 14A filed on May 7, 2009).
10.8	Securities Purchase Agreement by and among Corcept Therapeutics Incorporated and the purchasers named therein, dated October 12, 2009 (incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q filed on November 12, 2009).
10.9†	Form of Option Agreement for options granted pursuant to the Amended and Restated 2004 Equity Incentive Plan (incorporated by reference to Exhibit 10.25 to the registrant's Annual Report on Form 10-K filed on March 15, 2011).
10.10†	Severance and Change in Control Agreement by and between Corcept Therapeutics Incorporated and G. Charles Robb, dated September 1, 2011 (incorporated by reference to Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q filed on November 8, 2011).
10.11†	Employment offer letter to G. Charles Robb dated August 12, 2011 (incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q filed on November 8, 2011).
10.12†	Corcept Therapeutics Incorporated 2012 Incentive Award Plan (incorporated by reference to Appendix A to the registrant's Definitive Proxy Statement on Schedule 14A filed with the SEC on May 21, 2012).
10.13#	Commercial Outsourcing Services Agreement with Integrated Commercialization Solutions, Inc., dated as of April 14, 2011 (incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q filed on August 9, 2012).
10.14†	Form of 2012 Incentive Award Plan Stock Option Grant Notice and Agreement (incorporated by reference to Exhibit 4.5 to the registrant's Registration Statement on Form S-8 filed with the SEC on August 13, 2012).
10.15	Amendment to Manufacturing Agreement with Produits Chimiques Auxiliaires et de Synthese SA, dated February 21, 2013 (incorporated by reference to Exhibit 10.31 to the registrant's Annual Report on Form 10-K filed on March 15, 2013).
10.16#	Pharmaceutical Manufacturer Services Agreement with Centric Health Resources, Inc., dated May 21, 2013 (incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q filed on August 9, 2013).
10.17#	Amendment to Pharmaceutical Manufacturer Services Agreement with Centric Health Resources, Inc., dated July 22, 2013 (incorporated by reference to Exhibit 10.3 to the registrant's Quarterly Report on Form 10-Q filed on August 9, 2013).
10.18	Amendment to Manufacturing Agreement with Produits Chimiques Auxiliaires et de Synthese SA, dated August 1, 2013 (incorporated by reference to Exhibit 10.4 to the registrant's Quarterly Report on Form 10-Q filed on August 9, 2013).

Exhibit Number	Description of Document
10.19	Amendment to Manufacturing Agreement with Produits Chimiques Auxiliaires et de Synthese SA, dated November 7, 2013 (incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q filed on November 12, 2013).
10.20	Amendment to Manufacturing Agreement with Produits Chimiques Auxiliaires et de Synthese SA, dated January 27, 2014 (incorporated by reference to Exhibit 10.34 to the registrant's Annual Report on Form 10-K filed on March 14, 2014).
10.21#	Manufacturing and Supply Agreement with Produits Chimiques Auxiliaires et de Synthese SA, dated March 20, 2014 (incorporated by reference to Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q filed on May 12, 2014).
10.22	First Amendment to the Commercial Outsourcing Services Agreement with Integrated Commercialization Solutions, Inc., effective as of April 14, 2014 (incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q filed on August 8, 2014).
10.23#	Manufacturing Agreement with AAI Pharma Services Corp., dated April 7, 2014 (incorporated by reference to Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q filed on August 8, 2014).
10.24	Second Amendment to the Commercial Outsourcing Services Agreement with Integrated Commercialization Solutions, Inc., effective as of June 11, 2014 (incorporated by reference to Exhibit 10.3 to the registrant's Quarterly Report on Form 10-Q filed on August 8, 2014).
10.25	Third Amendment to the Commercial Outsourcing Services Agreement with Integrated Commercialization Solutions, Inc., effective as of August 11, 2014 (incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q filed on November 7, 2014).
10.26#	Second Amendment to Pharmaceutical Manufacturer Services Agreement with Dohmen Life Science Services, LLC (as successor in interest to Centric Health Resources, Inc.) dated October 6, 2014 (incorporated by reference to Exhibit 10.41to the registrant's Annual Report on Form 10K filed on March 13, 2015).
10.27†	Employment offer letter to Robert S. Fishman dated September 16, 2015 (incorporated by reference to Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q filed on November 6, 2015).
10.28†	Severance and Change in Control Agreement by and between Corcept Therapeutics Incorporated and Robert S. Fishman, dated September 28, 2015 (incorporated by reference to Exhibit 10.3 to the registrant's Quarterly Report on Form 10-Q filed on November 6, 2015).
10.29#	Distribution Services Agreement, dated August 4, 2017, between Corcept Therapeutics Incorporated and Optime Care, Inc. (incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q filed on November 3, 2017).
10.30#	Task Order Number One to Distribution Services Agreement, dated August 4, 2017, between Corcept Therapeutics Incorporated and Optime Care, Inc. (incorporated by reference to Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q filed on November 3, 2017.
10.31#	Amendment N°1 to the Manufacturing and Supply Agreement effective 19 March 2014 with PCAS SA, dated July 25, 2018
10.32†	Severance and Change in Control Agreement by and between Corcept Therapeutics Incorporated and Andreas Grauer, M.D. dated March 18, 2019 (incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q filed on May 9, 2019).
10.33†	Employment offer letter to Andreas Grauer, M.D. dated March 18, 2019 (incorporated by reference to Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q filed on May 9, 2019).
10.34	Office Lease Agreement by and between Exponent Realty, LLC and Corcept Therapeutics Incorporated, effective as of April 1, 2016.
10.35	First Amendment to Office Lease Agreement by and between Exponent Realty, LLC and Corcept Therapeutics Incorporated, made and entered into as of June 1, 2017.
10.36	Second Amendment to Office Lease Agreement by and between Exponent Realty, LLC and Corcept Therapeutics Incorporated, made and entered into as of March 12, 2018.
10.37	Third Amendment to Office Lease Agreement by and between Exponent Realty, LLC and Corcept Therapeutics Incorporated, made and entered into as of November 8, 2018.

Exhibit Number	Description of Document
10.38	Fourth Amendment to Office Lease Agreement by and between Exponent Realty, LLC and Corcept Therapeutics Incorporated, made and entered into as of October 23, 2019.
23.1	Consent of Independent Registered Public Accounting Firm
24.1	Power of Attorney (See signature page)
31.1	Certification pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 of Joseph K. Belanoff, M.D.
31.2	Certification pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 of G. Charles Robb
32.1	Certification pursuant to 18 U.S.C. Section 1350 of Joseph K. Belanoff, M.D.
32.2	Certification pursuant to 18 U.S.C. Section 1350 of G. Charles Robb
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Labels Linkbase Document
101.PRE	XBRL Presentation Linkbase Document
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL Document

Confidential treatment granted

† Management contract or compensatory plan or arrangement

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

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

CORCEPT THERAPEUTICS INCORPORATED

By: /s/ JOSEPH K. BELANOFF

Joseph K. Belanoff, M.D.,

Chief Executive Officer and President

Date: February 24, 2020

POWER OF ATTORNEY

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

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

Signature	Title	Date
/s/ JOSEPH K. BELANOFF **Joseph K. Belanoff, M.D.**	Chief Executive Officer, President and Director (Principal Executive Officer)	February 24, 2020
/s/ G. CHARLES ROBB **G. Charles Robb**	Chief Financial Officer and Secretary (Principal Financial Officer and Principal Accounting Officer)	February 24, 2020
/s/ JAMES N. WILSON **James N. Wilson**	Director and Chairman of the Board of Directors	February 24, 2020
/s/ G. LEONARD BAKER, JR. **G. Leonard Baker, Jr.**	Director	February 24, 2020
/s/ DAVID L. MAHONEY **David L. Mahoney**	Director	February 24, 2020
/s/ KIMBERLY PARK **Kimberly Park**	Director	February 24, 2020
/s/ DANIEL N. SWISHER, JR **Daniel N. Swisher, Jr.**	Director	February 24, 2020

CORCEPT THERAPEUTICS INCORPORATED

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of Corcept Therapeutics Incorporated

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Corcept Therapeutics Incorporated (the Company) as of December 31, 2019 and 2018, the related consolidated statements of comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 24, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

Inventory Excess and Obsolescence Reserve

Description of the Matter	As of December 31, 2019, the Company had $17.4 million of inventory which included $1.4 million of raw materials, $10.1 million of work in progress and $5.9 million of finished goods. As disclosed in Note 1, inventories are stated at the lower of cost or net realizable value. The Company assesses its inventory levels each reporting period and writes down inventory that is either expected to be at risk of expiration prior to sale, or has a cost basis in excess of its expected net realizable value, or for which there are inventory quantities in excess of expected requirements. Auditing management's estimates for excess and obsolete inventory involved subjective auditor judgment because the estimates rely on a number of factors that are affected by market and economic conditions outside the Company's control. In particular, the obsolete and excess inventory calculations are sensitive to significant assumptions, including the expected demand for the Company’s products, assumptions about the drug’s life cycle, the effect on demand of competitive products and the Company's purchase commitments.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design, and tested the operating effectiveness of internal controls over the Company's excess and obsolete inventory reserve process including management’s review of the significant assumptions described above and controls over the completeness and accuracy of the information used to develop the estimate. Our substantive audit procedures included, among others, evaluating methodologies used and data utilized in the analysis for inventory expected to be at risk for expiration or excess. We evaluated purchase commitments or alternative uses, compared forecasted demand to historical trends, compared actual inventory levels to forecasted demand requirements and evaluated the sensitivity of sales forecast assumptions on the amount of inventory reserves recorded.

/s/ Ernst & Young LLP

We have served as the Company’s auditor since 2001.

Redwood City, California
February 24, 2020

CORCEPT THERAPEUTICS INCORPORATED

CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)

	December 31,	
	2019	**2018**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 31,269	$ 41,625
Short-term marketable securities	244,693	165,135
Trade receivables, net of allowances	19,928	17,588
Inventory	5,424	4,732
Prepaid expenses and other current assets	6,044	7,740
Total current assets	307,358	236,820
Strategic inventory	11,981	11,510
Operating lease right-of-use asset	3,446	—
Property and equipment, net of accumulated depreciation	1,050	655
Long-term marketable securities	39,352	—
Other assets	3,448	50
Deferred tax assets, net	45,677	62,659
Total assets	$ 412,312	$ 311,694
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 7,537	$ 8,266
Accrued clinical expenses	6,477	3,521
Accrued and other liabilities	23,269	23,786
Short-term operating lease liability	1,558	—
Total current liabilities	38,841	35,573
Long-term operating lease liability	1,903	—
Long-term accrued income taxes	386	239
Total liabilities	41,130	35,812
Commitments and contingencies (Note 10)		
Stockholders’ equity:		
Preferred stock, par value $0.001 per share, 10,000 shares authorized and no shares outstanding at December 31, 2019 and December 31, 2018	—	—
Common stock, par value $0.001 per share, 280,000 shares authorized and 119,767 issued and 114,549 outstanding at December 31, 2019 and 116,838 shares issued and 115,031 outstanding at December 31, 2018	120	117
Treasury stock; at cost; 5,218 shares of common stock at December 31, 2019 and 1,807 shares of common stock at December 31, 2018	(62,704)	(23,657)
Additional paid-in capital	457,060	417,228
Accumulated other comprehensive gain (loss)	261	(70)
Accumulated deficit	(23,555)	(117,736)
Total stockholders’ equity	371,182	275,882
Total liabilities and stockholders’ equity	$ 412,312	$ 311,694

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

CORCEPT THERAPEUTICS INCORPORATED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands, except per share data)

	Year Ended December 31,		
	2019	**2018**	**2017**
Product revenue, net	$ 306,486	$ 251,247	$ 159,201
Operating expenses:			
Cost of sales	5,504	5,215	3,554
Research and development	89,017	75,247	40,376
Selling, general and administrative	100,359	81,289	62,416
Total operating expenses	194,880	161,751	106,346
Income from operations	111,606	89,496	52,855
Interest and other income (expense), net	5,070	2,657	(49)
Income before income taxes	116,676	92,153	52,806
Income tax expense (benefit)	22,495	16,743	(76,316)
Net income	$ 94,181	$ 75,410	$ 129,122
Other comprehensive income (loss):			
Net unrealized gain (loss) on available-for-sale investments, net of tax impact of $(104), $22 and $0, respectively	327	5	(75)
Foreign currency translation gain, net of tax	4	—	—
Total comprehensive income	$ 94,512	$ 75,415	$ 129,047
Basic net income per share	$ 0.82	$ 0.65	$ 1.14
Diluted net income per share	$ 0.77	$ 0.60	$ 1.04
Weighted average shares outstanding used in computing net income per share			
Basic	114,349	115,343	113,527
Diluted	122,566	126,688	124,515

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

CORCEPT THERAPEUTICS INCORPORATED

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2019	**2018**	**2017**
Cash flows from operating activities:			
Net income	$ 94,181	$ 75,410	$ 129,122
Adjustments to reconcile net income to net cash provided by operations:			
Stock-based compensation	29,313	23,747	13,361
Accretion of interest (income) expense	(1,738)	(1,721)	456
Depreciation and amortization of property and equipment	703	236	106
Amortization of debt financing costs	—	—	14
Deferred income taxes	16,877	14,067	(76,703)
Excess tax benefits from stock option activity	—	—	293
Amortization of right-of-use asset	1,468	—	—
Changes in operating assets and liabilities:			
Trade receivables	(2,340)	(2,288)	(5,440)
Other receivable	—	12,896	(12,896)
Inventory	(1,044)	(7,779)	(2,262)
Prepaid expenses and other current assets	1,696	(5,071)	(705)
Other assets	(3,398)	—	(26)
Accounts payable	(735)	(389)	6,289
Accrued clinical expenses	2,956	1,274	780
Accrued and other liabilities	(517)	5,044	8,546
Long-term accrued income taxes	147	239	—
Operating lease liability	(1,452)	—	—
Net cash provided by operating activities	136,117	115,665	60,935
Cash flows from investing activities:			
Purchases of property and equipment	(1,088)	(298)	(419)
Proceeds from maturities of marketable securities	182,295	142,655	29,950
Purchases of marketable securities	(299,035)	(233,124)	(102,987)
Net cash used in investing activities	(117,828)	(90,767)	(73,456)
Cash flows from financing activities:			
Proceeds from exercise of stock options, net of issuance costs	8,419	9,322	7,181
Repurchase of common stock	(30,975)	(23,657)	—
Payments related to debt obligation	—	—	(15,134)
Cash paid to satisfy statutory withholding requirement for the net settlement of cashless option exercise	(6,089)	—	—
Net cash used in financing activities	(28,645)	(14,335)	(7,953)
Net increase (decrease) in cash and cash equivalents	(10,356)	10,563	(20,474)
Cash and cash equivalents, at beginning of period	41,625	31,062	51,536
Cash and cash equivalents, at end of period	$ 31,269	$ 41,625	$ 31,062
Supplemental disclosure:			
Income taxes paid	$ 6,744	$ 1,351	$ 377
Cost of shares repurchased for net settlement of cashless option exercise	$ 1,983	$ —	$ —
Recognition of right-of-use asset and lease liability	$ 4,913	$ —	$ —

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

CORCEPT THERAPEUTICS INCORPORATED

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in thousands)

	Common Stock		Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount					
Balance at December 31, 2016	112,710	$ 113	$ 363,534	$ —	$ —	$ (322,268)	$ 41,379
Issuance of common stock upon exercise of options	2,007	2	7,179	—	—	—	7,181
Stock-based compensation related to employee and director options	—	—	13,330	—	—	—	13,330
Stock-based compensation related to non-employee options	—	—	31	—	—	—	31
Other comprehensive loss, net of tax	—	—	—	—	(75)	—	(75)
Net income	—	—	—	—	—	129,122	129,122
Balance at December 31, 2017	114,717	115	384,074	—	(75)	(193,146)	190,968
Issuance of common stock upon exercise of options	2,121	2	9,320	—	—	—	9,322
Stock-based compensation related to employee and director options	—	—	23,834	—	—	—	23,834
Other comprehensive income, net of tax	—	—	—	—	5	—	5
Purchase of treasury stock	(1,807)	—	—	(23,657)	—	—	(23,657)
Net income	—	—	—	—	—	75,410	75,410
Balance at December 31, 2018	115,031	117	417,228	(23,657)	(70)	(117,736)	275,882
Issuance of common stock upon exercise of options	2,929	3	10,399	—	—	—	10,402
Shares tendered to satisfy cost and statutory withholding requirements for net settlement of cashless option exercises	(631)	—		(8,072)	—	—	(8,072)
Stock-based compensation related to employee and director options	—	—	29,201	—	—	—	29,201
Stock-based compensation related to non-employee options	—	—	232	—	—	—	232
Other comprehensive income, net of tax	—	—	—	—	331	—	331
Purchases of treasury stock	(2,780)	—	—	(30,975)	—	—	(30,975)
Net income	—	—	—	—	—	94,181	94,181
Balance at December 31, 2019	114,549	$ 120	$ 457,060	$ (62,704)	$ 261	$ (23,555)	$ 371,182

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

CORCEPT THERAPEUTICS INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation and Summary of Significant Accounting Policies

Description of Business and Basis of Presentation

Corcept Therapeutics Incorporated is a commercial-stage pharmaceutical company engaged in the discovery and development of medications that treat severe metabolic, oncologic and psychiatric disorders by modulating the effect of the hormone cortisol. In 2012, the U.S. Food and Drug Administration ("FDA") approved Korlym® ("mifepristone") 300 mg tablets, as a once-daily oral medication for the treatment of hyperglycemia secondary to hypercortisolism in adult patients with endogenous Cushing's syndrome who have type 2 diabetes mellitus or glucose intolerance and have failed surgery or are not candidates for surgery. We have discovered and patented four structurally distinct series of selective cortisol modulators, consisting of more than 500 compounds. We are developing compounds from these series as potential treatments for a broad range of serious disorders.

We were incorporated in the State of Delaware in May 1998. Our headquarters are located in Menlo Park, California.

Basis of Presentation

The consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP").

Principles of Consolidation

Our consolidated financial statements include the financial position and results of operations of Corcept Therapeutics UK Limited, our wholly owned subsidiary, which we incorporated in the United Kingdom in March 2017.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ materially from those estimates.

We reevaluate our estimates and assumptions each quarter, including those related to revenue recognition, recognition and measurement of income tax assets and liabilities, inventory, allowances for doubtful accounts and other accrued liabilities, including our bonus accrual, clinical trial accruals and stock-based compensation.

Fair Value Measurements

We value financial instruments using assumptions we believe third-party market participants would use. When choosing which assumptions to make when determining the value of a financial instrument, we look first for quoted prices in active markets for identical instruments ("Level 1 inputs"). If no Level 1 inputs are available, we consider (i) quoted prices in non-active markets for identical instruments; (ii) active markets for similar instruments; (iii) inputs other than quoted prices for the instrument; and (iv) inputs that are not directly observable, but that can be corroborated by observable data ("Level 2 inputs"). In the absence of Level 2 inputs, we rely on unobservable inputs, such as our estimates of the assumptions market participants would use in pricing the instrument ("Level 3 inputs").

Cash and Cash Equivalents and Marketable Securities

We consider highly liquid investments that will mature in three months or less from the time we purchase them to be cash equivalents. Cash equivalents are valued using Level 1 inputs, which approximate our cost.

We invest the majority of our funds in marketable securities, primarily corporate notes, U.S. Treasury securities, asset-backed securities, commercial paper and repurchase agreements. We classify our marketable securities as available-for-sale securities and report them at fair value as "cash equivalents" or "marketable securities" on our consolidated balance sheet, with related unrealized gains and losses included in stockholders' equity. Realized gains and losses and permanent declines in value are included in "interest and other income (expense)" on our consolidated statement of comprehensive income.

Credit and Concentration Risks

Our cash, cash equivalents and marketable securities are held in one financial institution. We are subject to credit risk from our cash equivalents and marketable securities. We limit our investments to U.S. Treasury obligations and high-grade corporate

debt, asset-backed securities and repurchase agreements with less than a 36-month maturity at the time of purchase. These investments are diversified and do not expose us to concentrations of credit risk. We have never experienced a loss in, or lack of access to, our operating or investment accounts.

We have a single-source manufacturer of mifepristone, the active pharmaceutical ingredient (API), in Korlym - Produits Chimiques Auxiliaires et de Synthèse SA (PCAS). If PCAS is unable or unwilling to manufacture API in the amounts and time frames required, we may not be able to manufacture Korlym in a timely manner. In order to mitigate this risk, we have purchased and hold in inventory a reserve quantity of mifepristone API.

We have a concentration of risk in regard to the distribution of our product. A single specialty pharmacy, Optime Care, Inc. (“Optime”), dispenses Korlym to patients for us. Optime is an independent third party. Its unwillingness or inability to dispense Korlym to patients in a timely manner would harm our business.

We sell the Korlym that Optime dispenses directly to patients, with title to the medicine passing directly from us to the patient upon the patient’s receipt of the drug. Our receivables risk is spread among various third-party payers - pharmacy benefit managers, insurance companies, government programs and private charities. We extend credit to third-party payers based on their creditworthiness. We monitor our exposure and record an allowance against uncollectible trade receivables as necessary. To date, we have not incurred any credit losses.

Inventory and Cost of Sales

Regulatory approval of product candidates is uncertain. Because product manufactured prior to regulatory approval may not be sold unless regulatory approval is obtained, we record the cost of manufacturing our product candidates as research and development expenses at the time such costs are incurred. We capitalize to inventory manufacturing costs related to Korlym.

We value inventory at the lower of cost or net realizable value and determine the cost of inventory we sell using the specific identification method, which approximates a first-in, first-out basis. We assess our inventory levels at each reporting period and write down inventory that is either expected to be at risk of expiration prior to sale, or has a cost basis in excess of its expected net realizable value, or for which there are inventory quantities in excess of expected requirements. We destroy expired inventory and recognize the related costs as cost of sales in that period’s statement of comprehensive income.

Cost of sales also includes the cost of manufacturing Korlym, including materials, third-party manufacturing costs and indirect personnel and other overhead costs, based on the number of Korlym tablets for which we recognize revenue, as well as costs of stability testing, logistics and distribution.

We classify inventory we do not expect to sell or use in clinical studies within 12 months of the balance sheet date as strategic inventory, a non-current asset.

Net Product Revenue

We sell Korlym directly to patients through a single specialty pharmacy. We also sell Korlym to a specialty distributor (“SD”), for which we recognize revenue at the time the SD receives Korlym. SD sales were less than one percent of our net revenue in the years ended December 31, 2019 and December 31, 2018.

To determine our revenue from the sale of Korlym, we (i) identify our contract with each customer; (ii) identify the obligations of Corcept and the customer under the contract; (iii) determine the contracted transaction price; (iv) allocate the transaction price to the contract’s performance obligations, which in our case consists of delivering Korlym to the customer; and (v) recognize revenue once Korlym has been delivered, provided we deem it probable that we will collect the payment due to us.

Confirmation of coverage by private or government insurance or by a third-party charity is a prerequisite for selling Korlym to a patient.

To determine net product revenue, we deduct from sales the cost of our patient co-pay assistance program and our estimates of (a) government chargebacks and rebates, (b) discounts provided to our SD for prompt payment and (c) reserves for expected Korlym returns. We record these estimates at the time we recognize revenue and update them as new information becomes available. Our estimates take into account our understanding of the range of possible outcomes. If results differ from our estimates, we adjust our estimates, causing a change to our net product revenue and earnings. We report any changes in the period they become known, even if they concern transactions occurring in prior periods.

Government Rebates: Korlym is eligible for purchase by, or qualifies for reimbursement from, Medicaid and other government programs that are eligible for rebates on the price they pay for Korlym. To determine the appropriate amount to reserve

against these rebates, we identify Korlym sold to patients covered by government-funded programs, apply the applicable government discount to these sales, then estimate the portion of total rebates we expect will be claimed.

Chargebacks. Although we sell Korlym to the SD at full price, some of the government entities to which the SD sells receive a discount. As it makes such sales, SD recovers the full amount of any related discounts by reducing its payment to us (this reduction is called a "chargeback"). Chargebacks sometimes relate to Korlym purchased by the SD in prior periods. We deduct from our revenue in each period chargebacks claimed by the SD for Korlym it purchased in that period. We also create each period a reserve for chargebacks we estimate the SD will claim in future periods against Korlym it has not yet resold. We determine the amount of this reserve based on our experience with SD chargebacks and our understanding of the SD's customer base and business practices. We then deduct this reserve from revenue and include in accrued expenses on our consolidated balance sheet a current liability of equal amount.

Patient Assistance Program and Charitable Support: It is our policy that no patient be denied Korlym due to inability to pay. We provide financial assistance to eligible patients whose insurance policies have high deductibles or co-payments and deduct the amount of such assistance from gross revenue. We determine the assistance we provide each patient by applying our program guidelines to that patient's financial position and their insurance policy's co-payment and deductible requirements for the purchase of Korlym. We donate cash to charities that help patients with financial need pay for the treatment of Cushing's syndrome. We do not include payments from these charities in revenue. We provide Korlym at no cost to uninsured patients who do not qualify for charitable support.

Sales Returns: Federal law prohibits the return of Korlym sold to patients. Sales to our SD are subject to return. We deduct the amount of Korlym we estimate the SD will return from each period's gross revenue. We base our estimates on quantitative and qualitative information including, but not limited to, historical return rates, the amount of Korlym held by the SD and projected demand. If we cannot reasonably estimate returns with respect to a particular sale, we defer recognition of revenue until we can make a reasonable estimate. To date, returns have not been significant.

The following table summarizes activity in each of the product revenue allowance and reserve categories for the year ended December 31, 2019:

	Chargebacks	Government Rebates	Total
		(in thousands)	
Balance at December 31, 2016:	$ 468	$ 3,427	$ 3,895
Provision recorded during the period	2,637	18,097	20,734
Credit or payments made during the period	(2,178)	(13,563)	(15,741)
Balance at December 31, 2017:	927	7,961	8,888
Provision related to current period sales	2,687	28,628	31,315
Provision related to prior period sales	—	532	532
Credit or payments made during the period	(3,268)	(25,988)	(29,256)
Balance at December 31, 2018:	346	11,133	11,479
Provision related to current period sales	783	24,374	25,157
Provision related to prior period sales	—	(95)	(95)
Credit or payments made during the period	(852)	(27,203)	(28,055)
Balance at December 31, 2019:	$ 277	$ 8,209	$ 8,486

Leases

We adopted ASC Topic 842, effective January 1, 2019, using the modified retrospective method. The reported results for fiscal year 2019 reflect the application of ASC Topic 842, while the reported results for prior fiscal years are not adjusted and continue to be reported under ASC Topic 840. Refer to *Recently Adopted Accounting Pronouncements* regarding the adoption impact of ASC Topic 842 in the year ended December 31, 2019.

We determine whether an arrangement contains a lease at inception. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To determine whether a contract

is or contains a lease, we consider all relevant facts and circumstances to assess whether the customer has the right to both (i) obtain substantially all of the economic benefits from use of the identified asset and (ii) direct the use of the identified asset.

We recognize right-of-use assets and lease liabilities at lease commencement. We measure lease liabilities based on the present value of lease payments over the lease term discounted using the rate equal to the rate we would pay on a loan with monthly payments and a term equal to the monthly payments and remaining term of our lease. We estimate our incremental borrowing rate based on non-tender bank quotes and an analysis of public companies with debt and credit carrying terms similar to our lease term. We do not include in the lease term options to extend or terminate the lease unless it is reasonably certain at commencement that we will exercise any such options. We account for the lease components separately from non-lease components for our operating leases.

We measure right-of-use assets based on the corresponding lease liabilities adjusted for (i) prepayments made to the lessor at or before the commencement date, (ii) initial direct costs we incur, and (iii) tenant incentives under the lease. We evaluate the recoverability of our right-of-use assets for possible impairment in accordance with our long-lived assets policy. We do not recognize right-of-use assets or lease liabilities for leases with a term of twelve months or less; rather, we recognize the associated lease payments in the consolidated statements of comprehensive income on a straight-line basis over the lease term.

Operating leases are reflected on our consolidated balance sheets as operating lease right-of-use assets, short-term operating lease liabilities and long-term operating lease liabilities.

We begin recognizing operating lease expense when the lessor makes the underlying asset available to us. We recognize operating lease expense under our operating leases on a straight-line basis. Variable lease payments are expensed as incurred.

Research and Development

Research and development expenses include the direct cost of discovering and screening new compounds, pre-clinical studies, clinical trials, manufacturing development, submissions to regulatory agencies and related overhead costs. We expense nonrefundable payments and the cost of technologies and materials used in research and development as we incur them.

We base our accruals for discovery research, preclinical studies and clinical trials on our estimates of work completed, milestones achieved, patient enrollment and past experience with similar activities. Our estimates include assessments of information from contract research organizations and the status of our own research, development and administrative activities.

Segment Reporting

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

Stock-Based Compensation

We account for stock-based compensation under the fair value method, based on the value of the award at the grant date. To date, our stock-based compensation has consisted entirely of option grants, which we value using the Black-Scholes model. We recognize stock-based compensation expense over the applicable vesting period, net of estimated forfeitures. If actual forfeitures differ from our estimates, we adjust stock-based compensation expense accordingly.

We recognize the expense of options granted to non-employees based on their fair value at the time of vesting.

Income Taxes

We account for income taxes in accordance with ASC 740, *Income Taxes* (“ASC 740”), which requires recognition of deferred tax assets and liabilities for the expected tax consequences of our future financial and operating activities. Under ASC 740, we determine deferred tax assets and liabilities based on the temporary difference between the financial statement and tax bases of assets and liabilities using the tax rates in effect for the year in which we expect such differences to reverse. If we determine that it is more likely than not that we will not generate sufficient taxable income to realize the value of some or all of our deferred tax assets (net of our deferred tax liabilities), we establish a valuation allowance offsetting the amount we do not expect to realize. We perform this analysis each reporting period and reduce our measurement of deferred taxes, if the likelihood we will realize them becomes uncertain.

The deferred tax assets we record each period depend primarily on our ability to generate future taxable income in the United States. Each period, we evaluate the need for a valuation allowance against our deferred tax assets and, if necessary, adjust the valuation allowance so that net deferred tax assets are recorded only to the extent we conclude it is more likely than not that

these deferred tax assets will be realized. If our outlook for future taxable income changes significantly, our assessment of the need for, and the amount of, a valuation allowance may also change.

We are also required to evaluate and quantify other sources of taxable income, such as the possible reversal of future deferred tax liabilities, should any arise, and the implementation of tax planning strategies. Evaluating and quantifying these amounts is difficult and involves significant judgment, based on all of the available evidence and assumptions about our future activities.

We account for uncertain tax positions in accordance with ASC 740, which requires us to adjust our consolidated financial statements to reflect only those tax positions that are more-likely-than-not to be sustained upon review by federal or state examiners. We recognize in the consolidated financial statements the largest expected tax benefit that has a greater than 50 percent likelihood of being sustained on examination by the taxing authorities. We report interest and penalties related to unrecognized tax benefits as income tax expenses.

Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, “Leases”, which requires lease transactions with terms longer than 12 months to be recognized on the balance sheet as a liability (“lease liabilities”), offset by an asset of equal amount (“right-of-use assets”). ASU No. 2016-02 supersedes the lease accounting requirements of ASC Topic 840, “Leases” and creates Topic 842, “Leases.” We adopted this standard on January 1, 2019, using the modified retrospective approach, which did not cause adjustments to prior comparative periods. We have reviewed all of our contracts that may contain leases and have determined that the only impact is to the accounting for our leased office space. We have applied the practical expedients in Topic 842 that allow us not to reassess lease classification for expired or existing lease contracts. On the date of adoption, we increased our “operating right-of-use assets" and “operating lease liability” by approximately $1.9 million, an amount equal to the present value of our expected payments over the remaining term of the lease. There was no change to our retained earnings. See Note 5 for more information regarding our leased office space and additional operating right-of-use assets capitalized after the date of adoption.

In February 2018, the FASB issued ASU No. 2018-02, “Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.” This standard allows companies to reclassify to retained earnings tax effects related to items that have been stranded in “accumulated other comprehensive income” as a result of the Tax Cuts and Jobs Act (the “Act”). A company that elects to reclassify these amounts must reclassify stranded tax effects related to the Act’s change in US federal tax rate for all items accounted for in “other comprehensive income.” These entities can also elect to reclassify other stranded effects that relate to the Act but do not directly relate to the change in the federal rate. This standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. We adopted this standard on January 1, 2019. It had no impact on our consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-07, “Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting,” which expands the scope of ASC 718 to include all share-based payment arrangements related to the acquisition of goods and services from nonemployees. This standard is effective for fiscal years and interim periods within those years beginning after December 15, 2018. We adopted this standard on January 1, 2019. It had no impact on our consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU No. 2016-13, “Financial Instruments-Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments,” which changes the methodology for measuring credit losses on financial instruments and when such losses are recorded. This standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2019. We will adopt this standard on January 1, 2020 using the modified retrospective approach with the cumulative effect of the adoption recorded as an adjustment to retained earnings. The effect on our consolidated financial statements and related disclosures is not expected to be material.

In August 2018, the FASB issued ASU No. 2018-13, “Fair Value Measurements (Topic 820),” which eliminates or modifies certain disclosure requirements for fair value measurements and requires disclosure of new information. This standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2019. We will adopt this standard on January 1, 2020 using the modified retrospective approach with the cumulative effect of the adoption recorded as an adjustment to retained earnings. The effect on our consolidated financial statements and related disclosures is not expected to be material.

In August 2018, the FASB issued ASU No. 2018-15, “Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract,” which requires a customer that is a party to a cloud computing service contract to follow the internal-use software guidance in ASC 350-40 to determine which implementation costs to recognize as deferred assets. This standard is effective for

fiscal years, and interim periods within those years, beginning after December 15, 2019. We will adopt this standard on January 1, 2020 using the modified retrospective approach with the cumulative effect of the adoption recorded as an adjustment to retained earnings. The effect on our consolidated financial statements and related disclosures is not expected to be material.

In December 2019, the FASB issued ASU 2019-12 (ASC Topic 740), “Simplifying the Accounting for Income Taxes”. This standard simplifies accounting for income taxes by removing certain exceptions to the general principles and amending existing guidance to improve consistent application. This standard will be effective for fiscal years, and interim periods within those years, beginning after December 15, 2021. Early adoption is permitted. We are in the process of assessing the impact of this standard on our consolidated financial statements.

2. Significant Agreements

Commercial Agreements

In August 2017, we entered into a distribution services agreement with an independent third party, Optime, to provide exclusive specialty pharmacy and patient services programs for Korlym beginning August 10, 2017. Under the terms of this agreement, Optime acts as the exclusive specialty pharmacy distributor of Korlym in the United States, subject to certain exceptions. Optime provides services related to pharmacy operations; patient intake, access and reimbursement; patient support; claims management and accounts receivable; and data and reporting. We provide Korlym to Optime, which it dispenses to patients. Optime does not purchase Korlym from us and it does not take title to the product. Title passes directly from us to the patient at the time the patient receives the medicine.

The initial term of our agreement with Optime is five years, unless terminated earlier by us upon 90 days’ notice. The agreement contains additional customary termination provisions, representations, warranties and covenants. Subject to certain limitations, we have agreed to indemnify Optime for certain third-party claims related to the product, and we have each agreed to indemnify the other for certain breaches of representations, warranties, covenants and other specified matters.

Manufacturing Agreements Related to Korlym

We purchase all of our API for Korlym from PCAS. On July 25, 2018, we amended our agreement with PCAS to add a second manufacturing site and extend its term to December 31, 2021, with two one-year automatic renewals, unless either party provides 12 months advance written notice of its intent not to renew. The amendment provides exclusivity between PCAS and Corcept. In the event PCAS cannot meet our requirements, we may purchase API from another supplier. As of December 31, 2019, we had non-cancelable commitments to purchase $0.6 million worth of API from PCAS over the next 12 months.

We have agreements with two third-party manufacturers to produce and bottle Korlym tablets.

Research and Development Agreements

Our clinical trials are conducted through the use of clinical research organizations (“CROs”). Our Phase 3 GRACE trial of relacorilant for the treatment of patients with Cushing’s syndrome is being conducted under an agreement with ICON plc (“ICON”). IQVIA (formerly, "Novella Clinical LLC") is helping us conduct our Phase 2 trial of relacorilant to treat patients with metastatic ovarian cancer and our Phase 1/2 trial of exicorilant to treat patients with CRPC. Medpace, Inc. ("Medpace") is helping us conduct our Phase 2 trial testing miricorilant's activity in reversing recent antipsychotic-induced weight gain. Our agreements with ICON and IQVIA may be terminated by us on 60 days’ written notice or sooner if the parties mutually agree. Our agreement with Medpace may be terminated by us without cause at any time.

In July 2019, we entered into clinical study agreements with Quotient Sciences for clinical research on CORT113176, miricorilant and exicorilant, with initial terms of less than one year, with no extensions. We may terminate any of these agreements early should the study data justify or require termination. As of December 31, 2019, we had non-cancelable purchase commitments of approximately $0.4 million from Quotient over the next 12 months.

Lease Agreement

See discussion below in Note 5, ***Leases***, regarding our office lease.

3. Available for Sale Securities and Fair Value Measurements

The available-for-sale securities in our Consolidated Balance Sheets are as follows:

	Year Ended December 31,	
	2019	2018
	(in thousands)	
Cash equivalents	$ 18,461	$ 27,075
Short-term marketable securities	244,693	165,135
Long-term marketable securities	39,352	—
Total marketable securities	$ 302,506	$ 192,210

The following table presents our available-for-sale securities grouped by asset type:

		December 31, 2019				December 31, 2018			
	Fair Value Hierarchy Level	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
		(in thousands)							
Corporate bonds	Level 2	$ 109,780	$ 136	$ (6)	$ 109,910	$ 54,513	$ 2	$ (46)	$ 54,469
Commercial paper	Level 2	41,237	—	—	41,237	67,906	—	—	67,906
Asset-backed securities	Level 2	57,195	63	(5)	57,253	10,970	—	(5)	10,965
Repurchase agreements	Level 2	18,000	—	—	18,000	15,000	—	—	15,000
U.S. treasury securities	Level 1	75,574	71	—	75,645	39,308	—	(21)	39,287
Money market funds	Level 1	461	—	—	461	4,583	—	—	4,583
Total Marketable securities		$ 302,247	$ 270	$ (11)	$ 302,506	$ 192,280	$ 2	$ (72)	$ 192,210

We estimate the fair value of marketable securities classified as Level 1 using quoted market prices for these or similar investments obtained from a commercial pricing service. We estimate the fair value of marketable securities classified as Level 2 using inputs that may include benchmark yields, reported trades, broker/dealer quotes and issuer spreads.

We do not intend to sell the investments that are currently in an unrealized loss position, and it is highly unlikely that we will be required to sell the investments before recovery of their amortized cost basis, which may be maturity.

As of December 31, 2019, all our marketable securities had original maturities of less than two years. The weighted-average maturity of our holdings was six months. As of December 31, 2019, our long-term marketable securities had remaining maturities ranging from 12 to 17 months. None of our marketable securities changed from one fair value hierarchy to another during the year ended December 31, 2019.

4. Composition of Certain Balance Sheet Items

Inventory

	Year Ended December 31,	
	2019	2018
	(in thousands)	
Raw materials	$ 1,389	$ 4,195
Work in progress	10,086	5,624
Finished goods	5,930	6,423
Total inventory	17,405	16,242
Less strategic inventory classified as non-current	(11,981)	(11,510)
Total inventory classified as current	$ 5,424	$ 4,732

Because we rely on a single manufacturer for the active pharmaceutical ingredient ("API") for Korlym, we have purchased and hold significant quantities of API. We classify inventory we do not expect to sell within 12 months of the balance sheet date as "Strategic Inventory," a long-term asset.

Property and Equipment

	Year Ended December 31,	
	2019	2018
	(in thousands)	
Furniture and equipment	$ 304	$ 361
Software	1,541	884
Leasehold improvements	533	35
	2,378	1,280
Less accumulated depreciation	(1,328)	(625)
	$ 1,050	$ 655

Accrued and other liabilities

	Year Ended December 31,	
	2019	2018
	(in thousands)	
Government rebates	$ 8,209	$ 11,132
Accrued compensation	12,331	7,879
Legal fees	1,087	314
Income taxes payable	472	1,542
Accrued selling and marketing costs	491	261
Professional fees	367	240
Accrued manufacturing costs	33	2,032
Other	279	386
Total accrued and other liabilities	$ 23,269	$ 23,786

Other assets

Other assets includes $3.3 million of deposits for clinical trials.

5. Leases

We lease our office facilities in Menlo Park, California. On January 1, 2019, we recognized a right-of-use asset and a corresponding lease liability of $1.9 million. Effective October 1, 2019, we amended the lease to extend its term from March 31, 2020 through March 31, 2022 and to additional space beginning April 1, 2020. As a result of this amendment, we recognized an additional right-of-use asset and corresponding lease liability of $3.0 million. The right-of-use asset and lease liability recognized equals the present value of remaining payments due under our amended lease.

As our operating lease does not provide an implicit interest rate, we calculated the present value of remaining lease payments using a discount rate equal to the interest rate we would pay on a loan with monthly payments and a term equal to the monthly payments and remaining term of our lease. We recognize operating lease payments as expenses using the straight-line method over the term of the lease.

Operating lease expense for the year ended December 31, 2019 was approximately $1.5 million. Rent expense for the years ended December 31, 2018 and 2017 was $1.3 million and $1.1 million, respectively.

For any future operating lease transactions, we will recognize operating lease right-of-use assets and liabilities equal to the present value of the expected lease payments at the lease commencement date.

Our right-of-use assets and related lease liabilities were as follows:

	Year Ended December 31, 2019
	(in thousands)
Cash paid for operating lease liabilities	$ 1,551
Right-of-use assets obtained in connection with operating lease obligations	$ 4,913
Remaining lease term (years)	27 months
Discount rate	5.0%

As of December 31, 2019, future minimum lease payments under non-cancelable operating leases were as follows:

2020	$ 1,997
2021	2,130
2022	535
	4,662
Less imputed interest	(1,201)
Total lease liability	$ 3,461

6. Related Party Transactions

There were no related party transactions during the year ended December 31, 2019. See discussion below in Note 7, ***Preferred Stock and Stockholders' Equity***, under the caption **Common Stock**, regarding the sale of securities.

7. Preferred Stock and Stockholders' Equity

Preferred Stock

Our Board of Directors is authorized, subject to any limitations prescribed by law, without stockholder approval, to issue up to an aggregate of 10,000,000 shares of preferred stock at $0.001 par value in one or more series and to fix the rights, preferences, privileges and restrictions granted to or imposed upon the preferred stock, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences. The rights of the holders of common stock will be subject to the rights of holders of any preferred stock that may be issued in the future. As of December 31, 2019 and 2018, we had no outstanding shares of preferred stock.

Common Stock

Significant stock transactions

On August 9, 2018, we announced a program to repurchase up to $100 million of our common stock (the "Stock Repurchase Program"). The terms of this program did not require us to acquire any shares and allowed for repurchases by a variety of methods, including in the open market, in block trades, through privately negotiated transactions, accelerated share repurchase transactions or any combination of such methods. The Stock Repurchase Program expired on June 30, 2019.

During the year ended December 31, 2019, we repurchased 2.8 million shares of common stock under the Stock Repurchase Program in open market transactions at a cost of $31.0 million (average price of $11.14 per share). In total, we repurchased 4.6 million shares under the Stock Repurchase Program at a cost of $54.6 million (an average price of $11.91 per share). We recorded repurchased shares as treasury stock on our consolidated balance sheet, at cost. We have not decided whether repurchased shares will be retired or sold.

During the year ended December 31, 2019, we issued 1.2 million shares as part of net-share settlements of cashless option exercises, of which 0.6 million shares were tendered to satisfy the related cost and statutory withholding requirements. We had no such transactions during the years ended December 31, 2018 and 2017.

We have never declared or paid any dividends.

Shares of common stock reserved for future issuance as of December 31, 2019 are as follows:

Common stock:	*(in thousands)*
Exercise of outstanding options	23,600
Shares available for grant under stock option plans	8,624
	32,224

On February 7, 2020, our Board of Directors authorized an additional increase of 4.6 million shares in the number of shares available under the 2012 Equity Incentive Plan (the 2012 Plan), which was equivalent to 4% of the shares of our common stock outstanding at December 31, 2019.

Stock Option Plans

We have two active stock option plans at December 31, 2019 – the 2004 Equity Incentive Plan (the 2004 Plan) and the 2012 Plan.

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

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

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

Upon exercise of options, new shares are issued.

Option activity during 2017, 2018 and 2019

The following table summarizes all activity under the 2004 Plan and the 2012 Plan:

		Outstanding Options			
	Shares Available For Future Grant	Options Shares Subject to Options Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life	Aggregate Intrinsic Value
	(in thousands)	*(in thousands)*		*(in years)*	*(in thousands)*
Balance at December 31, 2016	7,920	17,663	$ 3.63		
Increase in shares authorized for grant	4,508	—			
Shares granted	(5,282)	5,282	$ 9.90		
Shares exercised	—	(2,007)	$ 3.60		
Shares canceled and forfeited	484	(484)	$ 5.04		
Balance at December 31, 2017	7,630	20,454	$ 5.22		
Increase in shares authorized for grant	4,589	—			
Shares granted	(5,599)	5,599	$ 16.27		
Shares exercised	—	(2,121)	$ 4.40		
Shares canceled and forfeited	1,106	(1,106)	$ 11.08		
Balance at December 31, 2018	7,726	22,826	$ 7.72		
Increase in shares authorized for grant	4,601				
Shares granted	(4,976)	4,976	$ 11.52		
Shares exercised	—	(2,929)	$ 3.57		
Shares canceled and forfeited	1,273	(1,273)	$ 12.68		
Balance at December 31, 2019	8,624	23,600	$ 8.77	6.51	$ 100,062
Options exercisable at December 31, 2019		15,398	$ 6.80	5.45	$ 91,283
Options fully vested and expected to vest at December 31, 2019		22,847	$ 8.63	6.44	$ 99,582

The total intrinsic value of options exercised during the years ended December 31, 2019, 2018 and 2017 was $26.6 million, $26.6 million and $22.4 million, respectively, based on the difference between the closing price of our common stock on the date of exercise of the options and the exercise price.

The total grant date fair value of options to employees and directors that vested during the years ended December 31, 2019, 2018 and 2017 was $30.2 million, $22.6 million and $12.3 million, respectively.

The following is a summary of options outstanding and options exercisable at December 31, 2019.

Options Outstanding						Options Exercisable		
Exercise Prices of Options	Number of Shares	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Aggregate Intrinsic Value	Number of Shares	Weighted-Average Exercise Price	Aggregate Intrinsic Value
	(in thousands)	*(in years)*		*(in thousands)*	*(in thousands)*		*(in thousands)*
$ 1.48 — $ 4.00	6,950	4.2	$ 3.02	$ 63,079	6,874	$ 3.11	$ 62,446
$ 4.01 — $ 7.00	3,233	4.3	$ 5.32	21,974	2,949	$ 5.22	20,296
$ 7.01 — $ 15.00	9,353	8.3	$ 10.73	15,009	3,714	$ 9.99	8,541
$ 15.01 — $ 24.29	4,064	8.1	$ 16.85	—	1,861	$ 16.89	—
	23,600	6.5	$ 8.77	$ 100,062	15,398	$ 6.80	$ 91,283

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value that option holders would have received had all option holders exercised their options on December 31, 2019. The aggregate intrinsic value is the difference between our closing stock price on December 31, 2019 and the exercise price, multiplied by the number of options with exercise prices less than the closing stock price on that date.

Stock-Based Compensation related to Employee and Director Options

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

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

	Year Ended December 31,		
	2019	**2018**	**2017**
Weighted-average assumptions for stock options granted:			
Risk-free interest rate	2.34%	2.68%	1.99%
Expected term	6.0 years	5.9 years	6.1 years
Expected volatility of stock price	67.4%	67.9%	68.1%
Dividend rate	0%	0%	0%
Weighted-average grant date fair value-based measurement	$7.09	$10.11	$6.14

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

The expected volatility of our stock used in determining the fair value-based measurement of option grants to employees, officers and directors is based on the volatility of our stock price. The volatility is based on historical data of the price for our common stock for periods of time equal to the expected term of these grants.

We calculate employee stock-based compensation expense using the number of options we expect to vest, based on our estimate of the option grantees' average length of employment, and reduced by our estimate of option forfeitures. ASC 718 requires us to estimate forfeitures at the time of option grant and revise this estimate in subsequent periods if actual forfeitures differ from our estimates.

Summary of compensation expense related to options to employees and directors

We recognized compensation expense of $29.2 million, $23.8 million and $13.4 million related to options to employees and directors during the years ended December 31, 2019, 2018 and 2017, respectively.

As of December 31, 2019, we had $55.0 million of unrecognized compensation expense for employee and director options outstanding as of that date, which had a weighted-average remaining vesting period of 2.48 years.

Stock Options to Non-Employees

We expense stock-based compensation related to service-based option grants to non-employees on a straight-line basis over the vesting period of the options, which approximates the period over which the related services are rendered, based on the options' value as calculated by the Black-Scholes option pricing model. In performing this calculation we use the same assumptions as when determining the value of options granted to employees and directors, except that we use the remaining contractual term of the non-employee's service as the options' expected term and we recalculate the options' value each quarter, based on the then current price of our common stock.

We recorded charges to expense for non-employee stock options of $0.2 million, zero and approximately zero for the years ended December 31, 2019, 2018 and 2017, respectively.

As of December 31, 2019, there were no awards outstanding to non-employees.

Summary of Stock-based Compensation Expense

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

	Year Ended December 31,		
	2019	2018	2017
	(in thousands)		
Stock-based compensation capitalized in inventory	$ 120	$ 87	$ —
Cost of sales	144	259	—
Research and development	9,541	7,012	3,743
Selling, general and administrative	19,628	16,476	9,618
Total stock-based compensation	$ 29,433	$ 23,834	$ 13,361

8. Net Income Per Share

We compute basic and diluted net income per share by dividing our net income by the weighted-average number of common shares outstanding during the period. We used the treasury stock method to determine the number of dilutive shares of common stock resulting from the potential exercise of stock options. The statements of consolidated comprehensive income show the computation of net income per share for each period, including the number of weighted-average shares outstanding.

The following table shows the computation of net income per share for each period:

	Year Ended December 31,		
	2019	2018	2017
	(in thousands, except per share data)		
Numerator:			
Net income	$ 94,181	$ 75,410	$ 129,122
Denominator:			
Weighted-average shares used to compute basic net income per share	114,349	115,343	113,527
Dilutive effect of employee stock options	8,217	11,345	10,988
Weighted-average shares used to compute diluted net income per share	122,566	126,688	124,515
Net income per share			
Basic	$ 0.82	$ 0.65	$ 1.14
Diluted	$ 0.77	$ 0.60	$ 1.04

As of December 31, 2019, 2018, and 2017 we had 23.6 million, 22.8 million, and 20.5 million stock options outstanding, respectively.

Because including them would have reduced dilution, we excluded from the computation of diluted net income per share, on a weighted-average basis 9.9 million, 5.0 million and 1.1 million stock options outstanding during the years ended December 31, 2019, 2018 and 2017, respectively,

9. Income Taxes

The domestic and foreign components of income before income taxes were as follows (in thousands):

	Year Ended December 31,		
	2019	**2018**	**2017**
	(in thousands)		
Domestic	$ 116,676	$ 92,153	$ 52,806
Foreign	—	—	—
Income before income taxes	$ 116,676	$ 92,153	$ 52,806

The income tax expense (benefit) for the year ended December 31, 2019, 2018 and 2017 consisted of the following:

	Year Ended December 31,		
	2019	**2018**	**2017**
	(in thousands)		
U.S. federal taxes:			
Current	$ 1,716	$ —	$ —
Deferred	15,944	14,243	(71,839)
Total U.S. federal taxes	17,660	14,243	(71,839)
State taxes:			
Current	3,900	2,676	388
Deferred	935	(176)	(4,865)
Total state taxes	4,835	2,500	(4,477)
Total	$ 22,495	$ 16,743	$ (76,316)

The income tax benefit for the year ended December 31, 2017 resulted primarily from the partial release of our valuation allowance.

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

	Year Ended December 31,	
	2019	2018
Deferred tax assets:	*(in thousands)*	
Federal and state net operating losses	$ 7,391	$ 23,551
Capitalized research and patent costs	7,317	10,260
Research credits	26,164	24,771
Stock-based compensation costs	12,026	9,124
Operating lease liability	857	—
Other	4,186	6,137
Total deferred tax assets	57,941	73,843
Valuation allowance	(11,410)	(11,184)
Deferred tax liabilities		
Operating lease right-of-use asset	(854)	—
Total deferred tax liabilities	(854)	—
Net deferred tax assets	$ 45,677	$ 62,659

Realization of deferred tax assets is dependent upon future earnings, if any, the timing and amount of which are uncertain. Each quarter, we assess our ability to use our deferred tax assets to offset our expected federal and state taxable income based on the weight of all available evidence, including such factors as the history of recent earnings and expected future taxable income on a jurisdiction by jurisdiction basis.

In the fourth quarter of 2017, we determined that it was more likely than not that we would generate sufficient taxable income to utilize our federal and state deferred tax assets in every state except California. We therefore included in our balance sheet the net value of all our deferred tax assets except those applicable to California. We maintain a full valuation allowance in relation to California deferred tax assets as of December 31, 2019 because of the uncertainty regarding the realizability of these deferred tax assets. All tax years from Corcept's inception remain open to examination by the Internal Revenue Service, the California Franchise Tax Board and other state taxing authorities.

The valuation allowance increased by $0.2 million for the year ended December 31, 2019, and decreased by $1.3 million and $116.9 million for the years ended December 31, 2018 and 2017, respectively. The significant decrease in the valuation allowance during 2017 was the result of our release of the entire valuation allowance previously established on our federal and non-California state deferred tax assets.

At December 31, 2019, we had net operating loss carryforwards available to offset any future taxable income that we may generate for federal income tax purposes of $7.7 million, which will begin to expire in the year 2033, California net operating loss carryforwards of $75.2 million, which will begin to expire in the year 2029, and net operating loss carryforwards from other states of $9.7 million, which will begin to expire in the year 2023 if not utilized.

At December 31, 2019, we also had federal research and development tax credits of $10.4 million and orphan drug tax credits of $14.6 million, respectively and California research and development credits of $7.5 million. The federal tax credits will begin to expire in the years 2030 through 2039 and the California research credits have no expiration date.

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

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

	Year Ended December 31,		
	2019	2018	2017
	(in thousands)		
U.S. federal taxes at statutory rate	$ 24,502	$ 19,354	$ 17,954
Changes in valuation allowance	—	—	(119,765)
Federal tax rate change impact to change in valuation allowance	—	—	33,233
R&D and other credits	(4,504)	(2,178)	(1,199)
State income taxes	3,819	1,975	(2,955)
Non-deductible compensation	657	394	33
Stock-based compensation	(2,107)	(3,165)	(3,826)
Other	128	363	209
Total	$ 22,495	$ 16,743	$ (76,316)

We maintain liabilities for uncertain tax positions. The measurement of these liabilities involves considerable judgment and estimation and are continuously monitored by management based on the best information available, including changes in tax regulations, the outcome of relevant court cases, and other pertinent information.

The aggregate annual changes in the balance of gross unrecognized tax benefits are as follows (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Beginning Balance	$ 4,756	$ 4,139	$ 3,527
Increase in tax positions for prior years	261	—	150
Decrease in tax positions for prior years	—	(135)	—
Increase in tax positions for current year	1,012	752	462
Decrease in tax positions for current year	—	—	—
Ending Balance	$ 6,029	$ 4,756	$ 4,139

As of December 31, 2019, 2018 and 2017, the total amount of unrecognized tax benefits was approximately $6.0 million, $4.8 million and $4.1 million, respectively. A valuation allowance is maintained on the tax benefits related to California deferred tax assets and if these tax benefits were recognized it would not impact the effective tax rate. We had no or immaterial amounts of accrued interest and no accrued penalties related to unrecognized tax benefits as of December 31, 2019, 2018 and 2017. We do not expect our unrecognized tax benefits to change materially over the next 12 months.

While we believe we have adequately provided for all tax positions, amounts asserted by tax authorities could be greater or less than the recorded position. Accordingly, our provisions on federal and state tax-related matters to be recorded in the future may change as revised estimates are made or the underlying matters are settled or otherwise resolved.

Our primary tax jurisdiction is the United States. For federal and state tax purposes, the years 1999 through 2019 remain open and subject to tax examination by the appropriate federal or state taxing authorities.

10. Commitments and contingencies

We have entered into a number of agreements to purchase API for the manufacturing of relacorilant, miricorilant and exicorilant. We have also entered into a number of agreements to perform clinical studies on miricorilant and CORT113176. See the discussion in Note 2, ***Significant Agreements***, for further discussion regarding the commitments under these agreements.

In the ordinary course of business, we may be subject to legal claims and regulatory actions that could have a material adverse effect on our business or financial position. We assess our potential liability in such situations by analyzing the possible

outcomes of various litigation, regulatory and settlement strategies. If we determine a loss is probable and its amount can be reasonably estimated, we accrue an amount equal to the estimated loss.

In August 2017, we terminated our pharmaceutical services agreement with our exclusive specialty pharmacy, Dohmen Life Science Services ("Dohmen") for material breach. In August 2017, Dohmen filed a complaint in the Court of Chancery of the State of Delaware against us alleging unlawful termination and breach of contract and requesting declaratory relief and damages. We filed a complaint against Dohmen in the Superior Court of the State of Delaware and a motion to dismiss the Dohmen complaint against us. In November 2017, we answered Dohmen's complaint in the Court of Chancery of the State of Delaware and asserted counterclaims against Dohmen.

Dohmen refused to transfer to us the cash it collected from $12.9 million in Korlym® receivables, despite its obligation to do so. As of December 31, 2017, the total amount of these receivables had been included in "Other receivable" on our consolidated balance sheet.

In January 2018, we entered into a settlement agreement with Dohmen and mutual release of any and all claims that may have existed between the parties as of that date, pursuant to which Dohmen agreed to deliver to us the cash it had collected from the sale of Korlym on our behalf. The total amount delivered by Dohmen under the settlement agreement was the $12.9 million of Korlym® receivables described above.

No losses and no provision for a loss contingency have been recorded to date.

11. Quarterly Financial Data (Unaudited)

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

Quarter Ended	March 31	June 30	September 30	December 31
2019				
Product revenue, net	$ 64,829	$ 72,257	$ 81,505	$ 87,895
Gross profit on product revenue	63,589	70,880	80,054	86,459
Net income	18,274	20,186	26,340	29,381
Basic net income per share	$ 0.16	$ 0.18	$ 0.23	$ 0.26
Diluted net income per share	$ 0.15	$ 0.17	$ 0.22	$ 0.24
2018				
Product revenue, net	$ 57,659	$ 62,312	$ 64,445	$ 66,831
Gross profit on product revenue	56,485	61,158	63,137	65,252
Net income	17,459	18,196	17,747	22,008
Basic net income per share	$ 0.15	$ 0.16	$ 0.15	$ 0.19
Diluted net income per share	$ 0.14	$ 0.14	$ 0.14	$ 0.18

DESCRIPTION OF

COMMON STOCK

The following description of Corcept's common stock is a summary. This summary is subject to the General Corporation Law of the State of Delaware (the "**DGCL**") and the complete text of Corcept's amended and restated certificate of incorporation (the "**certificate of incorporation**") and amended and restated bylaws (the "**bylaws**"), filed as Exhibits 3.1 and 3.2, respectively, to our Annual Report on Form 10-K. We encourage you to read that law and those documents carefully.

Common Stock

General

The certificate of incorporation authorizes 280,000,000 shares of common stock, $0.001 par value per share.

Voting Rights

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, provided, however, that except as otherwise required by law, holders of common stock are not entitled to vote on any amendment to the certificate of incorporation 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 the certificate of incorporation. No holder of our common stock has 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.

Dividends

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.

Liquidation

In the event of Corcept's 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 Corcept's debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any outstanding shares of preferred stock.

Rights and Preferences

Holders of common stock have no preemptive rights or conversion rights or other subscription rights, and there are no redemption or sinking fund provisions applicable to the common stock. 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.

Fully Paid and Non-assessable

All outstanding shares of common stock are fully paid and non-assessable.

Annual Stockholder Meetings

The certificate of incorporation and bylaws provide that annual stockholder meetings will be held at such place, on such date and at such time as designated by resolution of the board of directors from time to time. To the extent permitted under applicable law, we may but are not obligated to conduct meetings by remote communications, including by webcast.

Anti-Takeover Effects of Provisions

Some provisions of Delaware law and the certificate of incorporation and bylaws could make the following transactions difficult: acquisition by means of a tender offer; acquisition by means of a proxy contest or otherwise; or removal of incumbent officers and directors. It is possible that these provisions could make it more difficult to

accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in the best interests of Corcept, including transactions that might result in a premium over the market price for shares of common stock.

These provisions, summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control to first negotiate with Corcept's board of directors. We believe that the benefits of protection to Corcept's potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure Corcept outweigh the disadvantages of discouraging these proposals because negotiation of these proposals could result in an improvement of their terms.

Delaware Anti-Takeover Statute

Section 203 of the DGCL prohibits persons deemed "interested stockholders" from engaging in a "business combination" with a publicly-held Delaware corporation for three years following the date these persons become interested stockholders unless the business combination is, or the transaction in which the person became an interested stockholder was, approved in a prescribed manner or another prescribed exception applies. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns, or within three years prior to the determination of interested stockholder status did own, 15% or more of a corporation's voting stock and a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by the board of directors, such as discouraging takeover attempts that might result in a premium over the market price of our common stock.

Undesignated Preferred Stock

Under our amended and restated certificate of incorporation, our board of directors has the authority, without action by our stockholders, to designate and issue up to 10,000,000 shares of preferred stock, par value $0.001 per share, in one or more series and to designate the rights, preferences and privileges of each series, any or all of which may be greater than the rights of our common stock. It is not possible to state the actual effect of the issuance of any shares of preferred stock upon the rights of holders of our common stock until our board of directors determines the specific rights of the holders of preferred stock. However, the effects might include, among other things, restricting dividends on the common stock, diluting the voting power of the common stock, impairing the liquidation rights of the common stock and delaying or preventing a change in control of our common stock without further action by our stockholders and may adversely affect the market price of our common stock. As of January 31, 2020, no shares of our preferred stock were outstanding.

Special Stockholder Meetings

The bylaws provide that a special meeting of stockholders may be called only by the chairman of the board of directors or secretary of Corcept at the request in writing of a majority of the board of directors.

Requirements for Advance Notification of Stockholder Nominations and Proposals

The bylaws sets forth 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.

Composition of the Board of Directors; Election and Removal of Directors; Filling Vacancies

The size of the board 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 board of directors. In any uncontested elections of directors, a director nominee for the board of directors will be elected by the affirmative vote of a majority of the votes cast with respect to such director by the shares represented and entitled to vote at a meeting of the stockholders for the election of directors at which a quorum is present, voting together as a single class. An incumbent director who is nominated for an uncontested election and fails to receive a majority of the votes present and voting for such director's reelection would be required to tender his or her resignation to the board of directors.

In a contested election, a plurality voting standard will apply to director elections. The directors are elected until the expiration of the term for which they are elected and until their respective successors are duly elected and qualified.

The directors may be removed only by the affirmative vote of at least a majority of the holders of our then-outstanding common stock. Furthermore, any vacancy on the board of directors, however occurring, including a vacancy resulting from an increase in the size of the board, may be filled only by a majority vote of the board of directors then in office, even if less than a quorum, or by the sole remaining director. This system of electing and removing directors and filling vacancies may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of Corcept, because it generally makes it more difficult for stockholders to replace a majority of the directors.

Amendment of the Certificate of Incorporation and Bylaws

The amendment of any of the provisions in the certificate of incorporation requires approval by a stockholder vote by the holders of at least a majority of the voting power of the then outstanding voting stock. The bylaws may be amended by a majority of the board of directors or by the holders of at least sixty six and two thirds percent (66 2/3%) of the voting power of the then outstanding voting stock.

The provisions of the DGCL, the certificate of incorporation and bylaws could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in the management of Corcept. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Limitations of Liability and Indemnification Matters

The certificate of incorporation contains provisions that limit the liability of the directors and officers for monetary damages to the fullest extent permitted by Delaware law. Consequently, directors and officers are not personally liable to Corcept or its stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of the director’s or officer’s duty of loyalty to Corcept or its stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the DGCL; or
- any transaction from which the director or officer derived an improper personal benefit.

Each of the certificate of incorporation and bylaws provides that we are required to indemnify the directors and officers, in each case to the fullest extent permitted by Delaware law. The bylaws also obligate us to advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and 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 that capacity regardless of whether we would otherwise be permitted to indemnify him or her under Delaware law. We have entered into agreements to indemnify the directors, executive officers and other employees as determined by the board of directors. With specified exceptions, these agreements provide for indemnification for related expenses including, among other things, attorneys’ fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding to the fullest extent permitted by applicable law. We believe that these bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers. Corcept also maintains directors’ and officers’ liability insurance.

The limitation of liability and indemnification provisions in the certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against the directors and officers for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against the directors and officers, even though an action, if successful, might benefit Corcept and its stockholders. Furthermore, a stockholder’s investment may be adversely affected to the extent that we pay the costs of settlement and damage.

Stock Exchange Listing

Shares of common stock are listed on Nasdaq under the symbol “CORT.”

No Sinking Fund

The shares of common stock have no sinking fund provisions.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Continental Stock Transfer & Trust Company. The transfer agent and registrar's address is 17 Battery Place, New York, NY 10004.

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to portions of this agreement.

OFFICE LEASE AGREEMENT

by and between

EXPONENT REALTY, LLC

a Delaware limited liability company

("Landlord")

and

Corcept Therapeutics Incorporated,

a Delaware corporation

("Tenant")

For approximately

20,831

rentable square feet

at 149 Commonwealth Drive, Menlo Park, California

("Premises")

TABLE OF CONTENTS

OFFICE LEASE AGREEMENT

INFORMATION SHEET

("INFORMATION SHEET")

A. **PARTIES**

1. Landlord: EXPONENT REALTY, LLC, a Delaware limited liability company

2. Tenant: Corcept Therapeutics Incorporated, a Delaware corporation

B. **EFFECTIVE DATE** April 1, 2016

C. **BASIC LEASE PROVISIONS**

1. Premises:

   a. Address: 149 Commonwealth Drive, Suite 1170, 2020, 2044, 2055, 2069 and rooms 1186 and 1188 Menlo Park, California 94025

   b. Floors: 1st and 2nd Floor

   c. Total Building rentable area 153,736 square feet (approx.): 153,736 square feet

2. Rentable Area and Load Factor:

   a. Rentable Area (approx.) 20,831 rentable square feet

   b. Load Factor (approx.) 15%

3. Term: Thirty-Six (36) months commencing on the Commencement Date and ending on March 31, 2019 ("Expiration Date"), as such term maybe extended or sooner terminated as provided in this Lease

4. Commencement Date: April 1, 2016

5. Tenant's Building Percentage: Thirteen and one-half percent (13.5%)

6. Base Rent: For the original Term, the per month full service rental shown on the following chart:

20,831 RENTABLE SQUARE FEET			
Period	Base Rent per RSF per year	Monthly Amount	Periodic Amount
04/01/2016 to 12/31/2016	$38.40	$66,659.20	$599,932.80
01/01/2017 to 12/31/2017	$45.00	$78,116.25	$937,395.00
01/01/2018 to 03/31/2019	$53.52	$92,906.26	$1,393,593.90

7. Security Deposit: $14,428.00

   Which is currently on deposit with landlord

8. Base Year: 2016 for Operating Expenses (July 1, 2015, June 30, 2016 fiscal year for Real Property Taxes)

9. Adjustments to monthly Base Rent during any Extension Term: 3% escalation per annum above the monthly Base Rent in effect during the month immediately preceding the applicable Adjustment Date (as defined in Paragraph 5.C.(vi)).

10. Broker(s): None

11. Address for Notices:

Landlord:	Exponent Realty, LLC 149 Commonwealth Drive Menlo Park, California 94025 Attn: Director of Corporate Facilities
Tenant:	Corcept Therapeutics, Inc. Suite 1170 149 Commonwealth Drive Menlo Park, CA 94025Attn: Mark Strem

OFFICE LEASE AGREEMENT

1. Parties. THIS OFFICE LEASE AGREEMENT ("Lease"), effective as of the date ("Effective Date") set forth in Section B of the Office Lease Agreement Information Sheet ("Information Sheet"), is entered into by and between Exponent Realty, LLC, a Delaware limited liability company ("Landlord"), and the entity set forth in section A.2. of the Information Sheet ("Tenant").

2. Premises. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, a portion of the Building, as more particularly shown on EXHIBIT A ("Premises"), and located at the address, as designated in section C.1. of the Information Sheet, together with a right in common to the Outside Area, as defined in Paragraph 3.L., of the Property, as defined in Paragraph 3.O. Tenant's right to use the Outside Area shall be a right in common with other tenants of the Property and is subject to the reasonable rules and regulations and changes therein from time to time promulgated by Landlord governing the use of the Outside Area. The currently existing such rules and regulations as of the Effective Date are set forth on EXHIBIT E.

(i) **Room 1186 and 1188**

In the event Suite 1197 is leased to another tenant or is utilized by Exponent, rooms 1186 and 1188, located on the first floor of the premises, are required by the tenant to be a part of their lease, Landlord may recapture rooms 1186 and 1188 by the Landlord with 60 days' written notice to the Tenant. In the event Landlord recaptures this space, an amendment will be made to the Lease prior to the recapture date, adjusting the monthly rent and total square footage by 235 rentable square feet.

3. Definitions. The following initially capitalized terms shall have the following meanings when used in this Lease:

A. Access Control. The following services: (i) greeting and signing in of visitors to the Building; (ii) providing directions to visitors of the Building; (iii) providing the services described in Paragraph 46.B. of this Lease; and (iv) providing access control badges to regulate access to the Building, the Premises and such other amenities and services as Landlord may designate from time to time.

B. Alterations. Any alterations, additions or improvements made in, on or about the Building or the Premises after the Commencement Date, including lighting, heating, ventilating, air conditioning, mechanical, electrical, plumbing, telecommunication cabling, partitioning, drapery and carpentry installations.

C. Building. That certain building on the Property, commonly known as 149 Commonwealth Drive, Menlo Park, California 94025, containing an aggregate rentable area in the approximate amount set forth in section C.l.c. of the Information Sheet.

D. CC&Rs. The declaration of covenants, conditions, restrictions and easements contained in that certain Grant Deed dated May 12, 1965 established by David D. Bohannon and Ophelia E. Bohannon and recorded on May 14, 1965 in Book 4953 at Page 326 *et. seq.*, of the Official Records of San Mateo County, California, as they may be amended from time to time. Tenant hereby acknowledges that it has received and read a copy of the present CC&Rs.

E. City. The City of Menlo Park, in the County, in the State of California.

F. Commencement Date. The Commencement Date of this Lease shall be the first day of the Lease Term determined in accordance with Paragraph 4.B.

G. County. The County of San Mateo, in the State of California.

H. HVAC. Heating, ventilating and air conditioning.

I. Interest Rate. Interest Rate shall have the meaning set forth in Paragraph 44.

J. Landlord's Agents. Landlord's authorized agents, together with any partners and any subsidiary, parent, and affiliate corporations, partnerships, limited liability partnerships or limited liability companies of Landlord, and any directors, officers, shareholders, members, managers, partners and employees of Landlord or of any such agents, partners, or subsidiary, parent or affiliate corporations, partnerships, limited liability partnerships or limited liability companies.

K. Monthly Rent. The rent payable pursuant to Paragraph 5.A., as adjusted from time to time pursuant to the terms of this Lease. Such amount includes monthly Base Rent (as defined in section C.6 of the Information Sheet) and the Monthly Operating Expense Reimbursement, as provided in such Paragraph 5.A(ii).

L. Outside Area. All areas and facilities within the Property, but outside the Building, provided and designated by Landlord for the general use and convenience of Tenant and other tenants and occupants of the Building, including the parking areas, access and perimeter roads, sidewalks, landscaped areas, service areas, trash disposal facilities, and similar areas and facilities, and the exterior walls and windows of the Building, subject to the reasonable rules and regulations and changes therein from time to time promulgated by Landlord governing the use of the Outside Area. The current rules and regulations are set forth on EXHIBIT E.

M. Permitted Transferees. Such term has the meaning given to it in Section 27(i).

N. Project. The Property, Building (including the Premises), and Outside Area.

O. **Property**. That certain real property, described in EXHIBIT B, upon which is located the Building.

P. **Real Property Taxes.** Any form of assessment, license, fee, rent tax, levy, interest or penalty (unless a result of Tenant's delinquency), or tax (other than net income, estate, succession, inheritance, transfer or franchise taxes), imposed by any authority having the direct or indirect power to tax, or by any city, county, state or federal government or any improvement or other district or division thereof, whether such tax is: (i) determined by the value or area of the Project or any part thereof (or any improvements now or hereafter made to the Project or any portion thereof by Landlord, Tenant or other tenants) or the rent and other amounts payable hereunder by Tenant or by other tenants, including any gross income or excise tax levied by any of the foregoing authorities with respect to receipt of such rent or other amounts due under this Lease; (ii) upon any legal or equitable interest of Landlord in the Project or any part thereof; (iii) upon this transaction or any document to which Tenant is a party creating or transferring any interest in the Project; (iv) levied or assessed in lieu of, in substitution for, or in addition to, existing or additional taxes against the Project whether or not now customary or within the contemplation of the parties; (v) assessed for the purpose of constructing or maintaining or reimbursing the cost of construction of any streets, utilities or other public improvements; (vi) surcharged against the parking area; or (vii) levied upon any personal property of Landlord, Tenant or other tenants located on or used exclusively in connection with the operation of the Project. Notwithstanding anything to the contrary contained in this Lease, Real Property Taxes shall not include any of the following tax or assessment expenses: (a) gift taxes of Landlord or any federal, state or local income, sales or transfer tax, (b) penalties and interest, other than those attributable to Tenant's failure to comply timely with its obligations pursuant to this Lease, (c) increases in Real Property Taxes (whether increases result from increased rate, valuation, or both) attributable to additional improvements to the Premises unless constructed for Tenant's primary benefit or for the common benefit of Tenant and other tenants in the Project, and (d) any Real Property Taxes in excess of the amount which would be payable if such tax or assessment expense were paid in installments over the longest possible term.

Q. **Rent.** Monthly Rent plus any other amounts payable by Tenant under this Lease, all other such amounts being additional rent hereunder for all purposes.

R. **Sublet.** Any assignment or transfer of any estate or interest in this Lease; any subletting or parting with or sharing of the occupation, control, or possession of the Premises, or of any part thereof or any right or privilege appurtenant thereto; allowing anyone to conduct business at or from the Premises (whether as concessionaire, franchisee, licensee, permittee, subtenant or otherwise); if Tenant is a corporation, any transfer of the effective voting control of Tenant; if Tenant is a partnership or limited liability company, any transfer of forty percent (40%) or more, in the aggregate, of the interests in either capital or profits of Tenant; any other transfer by voluntary or involuntary act or by operation of law (including by merger or consolidation); or any attempt to do any of the foregoing.

S. Subrent. Any consideration of any kind received, or to be received, by Tenant from a subtenant if such amounts are related to Tenant's interest in this Lease or in the Premises, including bonus money and payments (in excess of fair market value) for Tenant's assets including its trade fixtures, equipment and other personal property, goodwill, general intangibles, and any capital stock or other equity ownership of Tenant or for any services provided by Tenant.

T. Subtenant. The person or entity with whom a Sublet agreement is proposed to be or is made.

U. Tenant Improvements. Those certain improvements to the Premises to be constructed by Landlord pursuant to EXHIBIT C.

V. Tenant's Agents. Tenant's agents, employees, officers, directors, members, partners, contractors, representatives, invitees and licensees.

W. Tenant's Building Percentage. The percentage determined, at any point in time, by dividing the approximate rentable square footage of the Premises by the approximate total rentable square footage of the Building. Tenant's Building Percentage is currently agreed to be the percentage set forth in section C.5. of the Information Sheet.

X. Tenant's Personal Property. Tenant's trade fixtures, furniture, equipment and other personal property in the Premises.

Y. Term. The term of this Lease set forth in Paragraph 4.A., as it maybe sooner terminated under the terms hereof or as it may be extended hereunder pursuant to any options to extend granted herein or by any written amendments to or extensions of this Lease.

4. Lease Term.

A. Term. The Term shall be the period set forth in section C.3. of the Information Sheet, commencing on the Commencement Date, as defined below, and ending 5:00 p.m. on the last day of such period, unless the Term is extended or sooner terminated, as hereinafter provided.

B. Commencement Date. Commencement Date shall be defined to mean the earliest to occur of the following:

(i) the date Tenant commences occupancy of any portion of the Premises for the conduct of its business; or

(ii) the Estimated Commencement Date specified in section C.4. of the Information Sheet.

If for any reason Landlord cannot deliver possession of the Premises to tenant by the Estimated Commencement Date, Landlord shall not be subject to any liability therefore, nor shall such failure affect the validity of this Lease or the obligations of Tenant hereunder, but in such case, Tenant shall not be obligated to pay any Monthly Rent hereunder, subject to the provisions contained in Paragraph 4.D., until the date that Landlord delivers possession of the Premises to Tenant, subject to adjustment for Unavoidable Delays, as defined in EXHIBIT C (which date, as so adjusted, if applicable, shall then be deemed the Commencement Date, but with the Expiration Date to remain unchanged). No such delay in the Commencement Date shall alter the validity of this Lease or the obligations of Tenant hereunder.

C. Commencement Date Memorandum. When the actual Commencement Date is determined, the parties shall execute a "Commencement Date Memorandum", in the form attached hereto as EXHIBIT D, setting forth the Commencement Date and Expiration Date.

D. Early Entry. Landlord shall permit Tenant to enter upon the Premises from and after the date of full execution of this Lease for the purpose of installing its furniture, fixtures and telephone, internet and data communications cabling and wiring, excluding the conduct of its business, provided that Tenant undertakes such entry in a manner that does not materially interfere with Landlord's construction of the Tenant Improvements. Such early entry shall be at Tenant's sole risk and subject to all the terms and provisions hereof, except for the payment of Monthly Rent, which shall commence on the date set forth in Paragraph 4.B. Landlord shall have the right to impose such additional reasonable conditions on Tenant's early entry as Landlord reasonably shall deem appropriate, and shall further have the right to require that Tenant execute an early entry agreement in form reasonably satisfactory to Tenant containing such conditions prior to Tenant's early entry.

E. Option To Extend.

(i) **Conditions to Exercise of Option**. Provided that Tenant is not in Default under this Lease at the time of exercise of the option to extend or at the commencement of the extension term, Tenant shall have the right to extend the Term of this Lease for an additional period of three years ("Extension Term") commencing upon April 1, 2019.

(ii) **Notice of Exercise**. If Tenant elects to extend this Lease for the Extension Term, Tenant shall deliver written notice ("Exercise Notice") of its exercise to Landlord not earlier than 270 days prior to the Expiration Date of the initial Term of this Lease and not less than 180 days prior to the Expiration Date of the initial Term of this Lease. Tenant's failure to deliver the Exercise Notice in a timely manner shall be deemed a waiver of Tenant's right to extend the Term of this Lease.

(iii) **Terms of the Extension Term**. The delivery of an Exercise Notice shall constitute an irrevocable election by Tenant to extend the Term of the Lease upon the terms, covenants and conditions set forth herein. The terms, covenants and conditions applicable to the

Extension Term shall be the same terms, covenants and conditions of this Lease except that (i) Tenant shall not be entitled to any further option to extend after the Extension Term; (ii) the Monthly Base Rent for the Extension Term shall continue to be adjusted throughout the Extension Term as provided in Paragraph 5.C.; and (iii) no provisions relating to the initial delivery of the Premises to Tenant shall be applicable to the Extension Term.

(iv) **Extension Option Personal to Original Tenant**. The option to extend granted to Tenant pursuant to this Paragraph 4.E. shall not be assignable to any successor or assign of Tenant except for a Permitted Transferee, and shall terminate at the option of Landlord, if, at any time during the initial Term of this Lease, Tenant has subleased all or any portion of the Premises to any other party except for a Permitted Transferee.

5. Rent.

A. Monthly Rent. On or before the first day of each calendar month following the Commencement Date, without prior notice or demand, deduction or offset, Tenant shall pay Monthly Rent to Landlord, in lawful money of the United States at the Office of the Landlord specified in section C.11. of the Information Sheet, or to such other place or person as Landlord may designate in the manner set forth in Paragraph 31. Monthly Rent shall consist of the sum of the following:

(i) **Base Rent**. Base Rent in the amount specified in section C.6. of the Information Sheet; and

(ii) **Monthly Operating Expense Reimbursement**. The Monthly Operating Expense Reimbursement ("Monthly Operating Expense Reimbursement") shall equal to one-twelfth (1/12) of Tenant's Building Percentage of the amount by which Landlord's estimate of the Operating Expenses for the relevant calendar year of the Term exceeds the Base Year Operating Expenses, as such terms are defined in Paragraph 15.

B. Prorations. If the Commencement Date is not the first (1st) day of a month, or if the termination date of the Term is not the last day of a month, a prorated monthly installment based on a thirty (30)-day month shall be paid for the fractional month during which this Lease commences or terminates.

C. Determination of Monthly Base Rent During Extension Term.

(i) **Extension Term Initial Monthly Base Rent**. The monthly Base Rent during the first year of the Extension Term shall be equal to the greater of (i) Ninety Five Percent (95%) of the "Fair Market Rental Value" of the Premises for the first year of the Extension Term as of the first day of the Extension Term determined as provided herein or (ii) the monthly Base Rent for the last month of the initial Term of the Lease, as adjusted as

provided in Paragraph 5.C. of this Lease and section C.9. of the Information Sheet (as so determined pursuant to clause (i) or (ii) above, the "Extension Term Initial Monthly Base Rent").

(ii) **Fair Market Rental Value**. Fair Market Rental Value as used herein shall mean: 100% of the monthly base rent and other amounts new or renewal tenants (who do not have any below market renewal rights) are then generally agreeing to pay under leases then being executed or renewed for comparable, improved office space in the Highway 101/Menlo Park submarket for office space. In determining the fair market monthly base rental value of the Premises during the Extension Term, consideration shall be given to all relevant factors, including such factors as credit-worthiness of the tenant, the duration of the term, any rental or other concessions granted, whether a broker's commission or finder's fee will be paid, responsibility for Operating Expenses, the uses of the Premises permitted under this Lease and the quality, condition, size, density, design and location of the Premises. Notwithstanding anything to the contrary contained in this Lease, the base year for the Extension Term shall be the calendar year immediately prior to the calendar year in which the Extension Term commences (except that the base year for Real Property Taxes shall be the fiscal tax year immediately prior to that in which the Extension Term commences).

(iii) **Landlord and Tenant to Seek to Agree**. Landlord and Tenant shall have thirty (30) days after Landlord receives the Exercise Notice in which to seek to agree on the Extension Term Initial Monthly Base Rent. If Landlord and Tenant agree on the Extension Term Initial Monthly Base Rent during such thirty (30)-day period (or at any time thereafter), they immediately shall execute an amendment to this Lease confirming the Extension Term Initial Monthly Base Rent as so agreed as the monthly Base Rent for the first year of the Extension Term.

(iv) **Selection of Brokers to determine the Extension Term Initial Monthly Base Rent**. If Landlord and Tenant are unable to agree on the Extension Term Initial Monthly Base Rent within such thirty (30)-day period, then within ten (10) days after the expiration of such thirty (30)-day period, Landlord and Tenant each, at its cost and by giving notice to the other party, shall appoint a licensed commercial real estate broker with at least five (5) years' full-time commercial brokerage experience in the geographical area of the Project (a "Broker") to evaluate and set the Extension Term Initial Monthly Base Rent. If either Landlord or Tenant does not appoint a Broker within ten (10) days after the other party has delivered notice of the name of its Broker, the single Broker appointed shall be the sole Broker and shall set the Extension Term Initial Monthly Base Rent. If two (2) Brokers are appointed by Landlord and Tenant as stated in this Paragraph, they shall meet promptly and attempt to set the Extension Term Initial Monthly Base Rent. If the two (2) Brokers are unable to agree within thirty (30) days after the second Broker has been appointed, they shall attempt to select a third Broker meeting the qualifications stated in this Paragraph (with the additional qualification that such third Broker shall have had no prior, current, or presently committed future business or personal relationship with either Landlord or Tenant) within ten (10) days after the last day the two (2)

Brokers are given to set the Extension Term Initial Monthly Base Rent; provided, however, if the two Broker's proposed Extension Term Initial Monthly Base Rent figures are ten percent (10%) or less apart, the two figures shall instead be added together and such total be divided by two to determine the Extension Term Initial Monthly Base Rent. If they are unable to agree on the third Broker, either Landlord or Tenant, by delivering ten (10) days' notice to the other party, may apply to the then Presiding Judge of the Superior Court of the County for the selection of a third Broker who meets the qualifications stated in this Paragraph. Landlord and Tenant each shall bear one-half (1/2) of the cost of appointing the third Broker and of paying the third Broker's fee.

(v) **Value Determined by Three (3) Brokers**. Within thirty (30) days after the selection of the third Broker, a majority of the Brokers shall set the Extension Term Initial Monthly Base Rent. If a majority of the Brokers is unable to set the Extension Term Initial Monthly Base Rent within the stipulated period of time, the three (3) evaluations shall be added together and their total divided by three (3); the resulting quotient shall be the Extension Term Initial Monthly Base Rent for the Premises. If the low evaluation is more than ten percent (10%) lower than the middle evaluation, the low evaluation shall be disregarded; if the high evaluation is more than ten percent (10%) higher than the middle evaluation, the high evaluation shall be disregarded. If only one (1) evaluation is disregarded, the remaining two (2) evaluations shall be added together and their total divided by two (2); the resulting quotient shall be the Extension Term Initial Monthly Base Rent for the Premises. If both the low evaluation and the high evaluation are disregarded as stated in this Paragraph, the middle evaluation shall be the Extension Term Initial Monthly Base Rent for the Premises.

(vi) **Extension Term Adjustment**. The Extension Term Initial Monthly Base Rent shall be subject to adjustment on the first anniversary of the commencement date of the Extension Term and on each subsequent anniversary of that date during the Extension Term (each an "Adjustment Date") as provided in section C.9. of the Information Sheet. At the time of the commencement date of the Extension Term, Landlord and Tenant shall execute an "Extension Term Commencement Date Memorandum" in the form attached hereto as EXHIBIT D, unless, at that time, Landlord and Tenant decide to amend the Lease in other ways, in which event, such information may instead be included in any amendment of this Lease.

(vii) **Notice to Landlord and Tenant**. After the Extension Term Initial Monthly Rent for the first year of the Extension Term has been set, the Brokers shall notify Landlord and Tenant immediately, and Landlord and Tenant shall immediately execute an amendment to this Lease confirming the Extension Term Initial Monthly Rent as so determined as the Monthly Rent for the first year of the Extension.

6. Late Payment Charges. TENANT ACKNOWLEDGES THAT LATE PAYMENT BY TENANT TO LANDLORD OF RENT AND OTHER CHARGES PROVIDED FOR UNDER THIS LEASE WILL CAUSE LANDLORD TO INCUR COSTS NOT CONTEMPLATED BY THIS LEASE, THE EXACT AMOUNT OF SUCH COSTS BEING

EXTREMELY DIFFICULT OR IMPRACTICABLE TO FIX. THEREFORE, IF ANY INSTALLMENT OF RENT OR ANY OTHER PAYMENT DUE FROM TENANT IS NOT RECEIVED BY LANDLORD WITHIN FIVE DAYS FOLLOWING THE DATE OF LANDLORD'S DELIVERY OF WRITTEN NOTICE TO TENANT STATING THAT SUCH AMOUNT WAS NOT RECEIVED ON OR BEFORE THE DATE DUE, TENANT SHALL PAY TO LANDLORD AN ADDITIONAL AMOUNT EQUAL TO FIVE PERCENT (5%) OF THE AMOUNT OVERDUE AS A LATE CHARGE. THE PARTIES AGREE THAT THIS LATE CHARGE REPRESENTS A FAIR AND REASONABLE ESTIMATE OF THE COSTS THAT LANDLORD WILL INCUR BY REASON OF THE LATE PAYMENT BY TENANT. SUCH LATE CHARGE SHALL BE IN ADDITION TO, AND NOT IN LIEU OF, ANY INTEREST THAT MAY ACCRUE ON ANY SUCH OVERDUE AMOUNT PURSUANT TO THE PROVISIONS OF PARAGRAPH 44.

Initials:

/s/ RLS /s/ CR
Landlord Tenant

7. Security Deposit By execution hereof, Landlord acknowledges receipt of the amount set forth in section C.7. of the Information Sheet from Tenant, as security for the faithful performance by Tenant of all of the terms and conditions of this Lease to be kept and performed by Tenant during the term hereof ("Security Deposit"). The Security Deposit shall secure Tenant's obligations hereunder to pay rent (past, present and future) and all other amounts due to Landlord hereunder, to maintain the Premises and repair damages thereto as provided in this Lease, to surrender the Premises to Landlord in clean condition and good repair upon termination of this Lease and timely to discharge Tenant's other obligations hereunder. Landlord may use and commingle the Security Deposit with other funds of Landlord. If Tenant commits a Default hereunder, then Landlord may, but without any obligation so to do, apply all or any portion of the Security Deposit necessary to cure such Default and to reimburse Landlord for any amounts incurred by Landlord as a result of such Default. If Landlord does so apply any portion of the Security Deposit, Tenant, within five (5) days after receipt of written demand by Landlord, shall pay to Landlord a sufficient amount in immediately available funds to restore the Security Deposit to its full original amount. On the expiration or earlier termination of this Lease, if Tenant has then fully performed all its obligations hereunder, Landlord shall return the Security Deposit to Tenant not more than thirty (30) days after Tenant has surrendered the Premises to Landlord in the condition required by this Lease. If Landlord, prior to the expiration of the term of this Lease, sells or otherwise transfers Landlord's rights or interest under this Lease, Landlord may deliver the Security Deposit to the transferee, whereupon, Landlord shall have no further liability to Tenant concerning the Security Deposit. Tenant hereby waives the provisions of California Civil Code Section 1950.7 that would otherwise limit the use of security deposits under leases.

8. Holding Over. If Tenant remains in possession of all or any part of the Premises after the expiration of the Term, without the consent of Landlord, such tenancy shall be from month-to-month only and not a renewal hereof or any extension for any further term, and, in such case, Monthly Rent shall be increased to an amount equal to one hundred fifty percent (150%) of the Monthly Rent paid during the last month of the Term, and all other amounts due hereunder shall be payable in the amount and at the time applicable at the time of expiration and at the time specified in this Lease, and such month-to-month tenancy shall be subject to every other term, covenant and agreement of this Lease, excluding any option to extend the Term. In addition, Tenant shall defend, indemnify and hold Landlord, and Landlord's Agents free and harmless from and against any claim, loss, liability, expense or damage, including reasonable attorneys' fees and costs, court costs and fees and costs of experts, arising out of Tenant's failure to surrender the Premises at the expiration of the Term, including any such damages resulting from Landlord's inability to honor its commitments to any other tenant for the Premises.

9. Tenant Improvements. Landlord and Tenant agree to the terms and procedures for the planning, construction and funding of the construction of the Tenant Improvements as set forth in EXHIBIT C.

10. Condition of Premises. By taking possession of the Premises, Tenant shall be deemed to have accepted the Premises in "As Is" condition in good, clean and completed condition and repair, subject to all applicable federal, state and local laws, regulations, ordinances and court holdings (including the Americans with Disabilities Act and all regulations promulgated thereunder from time to time, and any state or local building, energy efficiency, fire or safety codes, ordinances or regulations) (collectively, and as the same may be adopted, replaced, restated or amended from time to time, "Applicable Law"). Tenant acknowledges that, except as expressly set forth in this Lease, neither Landlord nor Landlord's Agents have made any representations or warranties as to the suitability or fitness of the Premises or any other part of the Project (including the intrabuilding network cabling) for the conduct of Tenant's business or for any other purpose, nor has Landlord or Landlord's Agents agreed to undertake any Alterations or construct any Tenant Improvements to the Premise except as expressly provided in EXHIBIT C of this Lease. The Building, including the Premises, has not undergone inspection by a certified access specialist pursuant to California Civil Code Sections 55.51-55.545, et seq. (known as the Construction-Related Accessibility Standards Compliance Act), or any related Applicable Law.

11. Use of the Premises.

A. Tenant's Use. Tenant shall use the Premises solely for general office purposes and shall not use the Premises for any other purpose without obtaining the prior written consent of Landlord, which Landlord may withhold in its sole and absolute discretion. Tenant agrees that the Property is subject, and this Lease is subordinate, to the CC&Rs. Tenant acknowledges that it has read the CC&Rs and knows the contents thereof. Throughout the Term,

Tenant shall faithfully and timely perform and comply with the CC&Rs and any modification or amendments thereof. Tenant shall comply with all duly adopted rules, regulations and restrictions as may be adopted from time to time by any committee or association established pursuant to the CC&Rs ("Association"). Any periodic or special dues or Outside Area assessments of the Association shall be included within the definition of Operating Expenses pursuant to Paragraph 15.B., and Tenant shall pay Tenant's Building Percentage of such amounts over the Base Year amounts as further set forth in Paragraph 15. Tenant shall defend, indemnify and hold Landlord, and Landlord's Agents free and harmless from and against any claim, loss, liability, expense or damage, including reasonable attorneys' fees and costs, court costs and fees and costs of experts, arising out of the actual or asserted failure of Tenant to perform or comply with the CC&Rs. Tenant shall not permit or make any use of the Premises that will increase the existing rate of insurance upon the Project, or cause the cancellation of any insurance policy covering the Project, or any part thereof. If the existing rate of insurance shall be increased or any insurance policy covering the Project is canceled as a result of Tenant's or Tenant's Agent's acts or omissions, then Landlord, in addition to such remedies as Landlord may have under this Lease or pursuant to law or equity, shall be entitled to reimbursement from Tenant within ten (10) days after the date of Landlord's delivery of written demand therefor for the entire amount of said increase or any additional amount that must be paid for such additional cost, to maintain the same level of insurance coverage or to procure replacement coverage.

B. **Compliance**. Tenant shall not use the Project, or permit Tenant's Agents to do anything in or about the Project, in conflict with any Applicable Law, or the requirements of the Board of Fire Underwriters or other similar body now or hereafter constituted relating to or affecting the condition, use or occupancy of the Project. If any Applicable Law requires any capital improvement to the Premises or the Building solely as the result of Tenant's particular use of the Premises, then Tenant shall be responsible for the same (or at the election of Landlord, for reimbursing Landlord for Landlord's cost of performing the same); provided, however, that if such capital improvement is so required for any reason other than Tenant's particular use of the Premises, then Landlord shall be responsible for the same, at Landlord's sole cost and expense, subject to Landlord's right to include such amounts as Operating Expenses on an amortized basis as provided in Paragraph 15.B. Tenant shall not abandon the Premises; provided, however, that if Tenant vacates the Premises while performing all of Tenant's other obligations under this Lease, such vacation shall not be deemed an abandonment and a Default hereunder. Tenant shall not commit any public or private nuisance or any other act or practice that might or would disturb the quiet enjoyment of any other tenant of Landlord or any occupant of nearby properties. Tenant shall place no loads upon the floors, walls or ceilings in excess of the maximum designed load determined by Landlord or which endanger the structure; nor place any harmful liquids in the drainage systems; nor dump or store waste materials or refuse or allow such to remain outside the Building proper, except in the enclosed trash areas provided. Tenant shall not store or permit to be stored or otherwise placed any material of any nature whatsoever outside the Building. If as a result of any use or change in use of the Premises by Tenant or any Alteration (including the Tenant Improvements) made to the Premises by or on behalf of Tenant, any Alterations are

required to the Premises, the Building or the Project (including the Americans with Disabilities Act, and any state or local building, fire or safety codes, ordinances or regulations), Tenant shall be responsible for the same (or at the election of Landlord, for reimbursing Landlord for the cost of performing the same).

C. Toxic Material. Tenant, at its sole cost, shall comply with and cause Tenant's Agents to comply with Applicable Law (including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as the same may have been or may be amended from time to time, and similar state statutes, and any regulations promulgated under either) relating to the storage, use and disposal of any hazardous material, hazardous waste, hazardous substance, hazardous constituent, toxic or radioactive matter, including those materials identified in Section 66260.10 of the California Administrative Code, Division 4.5, Chapter 10, Article 2 ("Title 22") as they may be amended from time to time (collectively, "Toxic Materials"). If Tenant or Tenant's Agents desire to store, use or dispose of any Toxic Materials in, on or about the Project (other than the storage and use of reasonable quantities of customary office supplies), Tenant shall first request and obtain Landlord's approval to such proposed storage, use or disposal in writing, which request must be made at least ten (10) days prior to the storage, use or disposal thereof in, on or about the Premises. Whether or not Landlord is aware or approves of the storage, use or disposal of any Toxic Material by Tenant or Tenant's Agents, Tenant shall be solely responsible for and shall defend, indemnify and hold Landlord and Landlord's Agents harmless from and against all claims, costs and liabilities, including reasonable attorneys' fees and costs, court costs and fees and costs of experts, arising out of or in connection with the storage, use, generation, transportation, disposal or release of Toxic Materials by Tenant or Tenant's Agents, including any such claims, costs, damages and liabilities (including reasonable attorneys' fees and costs, court costs and fees and costs of experts) arising out of or in connection with any investigation, testing, remediation, removal, clean-up, monitoring and/or restoration services, work, materials and equipment necessary to return the Premises and any other property of whatever nature to their condition existing prior to the storage, use, generation, transportation, disposal or release of Toxic Materials by Tenant or Tenant's Agents in, on or about the Premises or the Project, and otherwise satisfactorily to investigate and remediate the contamination arising therefrom to the reasonable satisfaction of Landlord and all governmental authorities. If at any time during or after the term of this Lease, as it may be extended, Tenant becomes aware of any injury, investigation, administrative proceeding, or judicial proceeding regarding the storage, use or disposition of any Toxic Materials by Tenant or Tenant's Agents on or about the Premises or the Project, Tenant shall within five (5) days after first learning of such injury, investigation or proceeding give Landlord written notice advising Landlord of same. Tenant acknowledges receipt of a copy of that certain June 1998 Focused Environmental Site Assessment, 149 Commonwealth Drive, Menlo Park, California, dated as of August 16, 1998, prepared by The Gauntlett Group, LLC, together with all attachments thereto ("Site Assessment"), that Landlord previously made available to Tenant, and which Tenant agrees to maintain in confidence. In addition, Landlord utilizes Toxic Materials in

the operation of its business. Landlord represents and warrants to Tenant that Landlord uses all such Toxic Materials in compliance with all Applicable Law.

D. Transportation Systems Management. Tenant shall comply with the requirements of the City or County mandated parking or transportation systems management ordinances.

E. Rules and Regulations. The Rules and Regulations for the Project in effect as of the Effective Date are attached hereto as EXHIBIT E. Landlord reserves the right to adopt or amend the Rules and Regulations from time to time in its reasonable discretion. Tenant agrees that Tenant and Tenant's Agents shall observe and perform the Rules and Regulations as they may be amended or adopted. A breach of the Rules and Regulations by Tenant or any of Tenant's Agents shall constitute a Default under this Lease as if the Rules or Regulations were contained in this Lease as covenants of Tenant. Tenant acknowledges that Landlord has no obligation to enforce, and shall have no liability for non-enforcement of, the Rules and Regulations. Notwithstanding the foregoing, in the event of any inconsistency between the Rules and Regulations and the provisions of this Lease, the provisions of this Lease shall control, and Landlord shall not enforce the Rules and Regulations in a discriminatory manner.

12. Quiet Enjoyment. Landlord covenants that Tenant, upon performing the terms, covenants and conditions of this Lease, shall have quiet and peaceful possession of the Premises as against any person claiming the same by, through or under Landlord.

13. Alterations. Landlord hereby consents to the design and construction of the Tenant Improvements, on the terms and subject to the conditions of EXHIBIT C. Tenant shall not make or permit any Alterations in, on or about the Premises without the prior written consent of Landlord, and according to plans and specifications approved in writing by Landlord, which consent and approval shall not be unreasonably withheld, conditioned or delayed. Landlord, at its sole option, may, however, require as a condition to the granting of any such consent, that Tenant provide to Landlord, at Tenant's sole cost and expense, a lien and completion bond in an amount equal to one and one-half (1½) times any and all estimated costs of any intended Alterations to the Premises, to insure Landlord against any liability for mechanics' and materialmens' liens and to insure completion of the work. Tenant shall, at its sole cost and expense, obtain all necessary permits and governmental inspections and approvals required in connection with any Alterations. All Alterations shall be installed at Tenant's sole expense, in compliance with all Applicable Law, the Rules and Regulations and the CC&Rs, by a licensed contractor reasonably acceptable to Landlord, shall be done in a good and workmanlike manner conforming in quality and design with the Premises existing as of the Commencement Date, and shall not diminish the value of the Project. In the event that any Alteration made by Tenant necessitates the making of other alterations to the interior or exterior of the Building, the Outside Area, any path-of-travel or elsewhere within the Project for purposes of complying with Applicable Law, Tenant shall undertake such additional alterations at its sole cost and expense or shall, at Landlord's option,

reimburse Landlord for the cost and expenses incurred with respect to such additional alterations required for purposes of complying with Applicable Law as a result of Tenant's Alterations. All Alterations made by Tenant shall be and become the property of Landlord upon termination of the Term and shall not be deemed Tenant's Personal Property; provided, however, that Landlord may, at its option, at the time that Landlord grants consent therefor, require that Tenant, at Tenant's expense, prior to the expiration of the Term of this Lease, remove any or all Alterations installed by Tenant and return the Premises to their condition as of the Commencement Date of this Lease, normal wear and tear excepted and subject to the provisions of Paragraph 25. Notwithstanding any other provisions of this Lease, Tenant shall be solely responsible for the maintenance and repair of any and all Alterations made to the Premises. Tenant shall give Landlord written notice of Tenant's intention to perform any work on the Premises at least twenty (20) days prior to the commencement of such work to enable Landlord to post and record an appropriate Notice of Nonresponsibility or other notice deemed proper before the commencement of any such work.

14. Surrender of the Premises. Upon the expiration or earlier termination of the Term, Tenant shall surrender the Premises to Landlord in its condition existing as of the Commencement Date, Tenant Improvements, Alterations that Landlord did not require to have removed as a condition of installation, normal wear and tear excepted and subject to the provisions of Paragraph *25*, with all interior areas cleaned. Any damage or deterioration of the Premises shall not be deemed ordinary wear and tear if Tenant was responsible to maintain the same under the provisions of Paragraph 18 and if the same could have been prevented by good maintenance practices by Tenant. Except as otherwise stated in this Lease, Tenant shall leave the air lines, power panels, electrical distribution systems, lighting fixtures, air conditioning, window coverings, wall coverings, carpets, wall paneling, ceilings, and plumbing on the Premises and in good operating condition. Tenant shall prior to the expiration or termination of the Term remove from the Premises, at Tenant's sole cost, all of Tenant's Alterations required to be removed pursuant to Paragraph 13, and all Tenant's Personal Property, including all voice, data, and wiring installed by Tenant if requested by Landlord, and repair any damage and perform any restoration work caused or necessitated by any such removal. If Tenant fails to remove such Alterations and Tenant's Personal Property, and such failure continues after the termination of this Lease, Landlord may retain such property and all rights of Tenant with respect to it shall cease, or Landlord may place all or any portion of such property in public storage for Tenant's account. Tenant shall be liable to Landlord for costs of removal of any such Alterations and Tenant's Personal Property and storage and transportation costs of same, and the cost of repairing and restoring the Premises, together with interest at the Interest Rate from the date of expenditure by Landlord until paid.

15. Operating Expenses.

A. Payment by Tenant. During the Term of this Lease, Tenant shall pay to Landlord, as Rent on a monthly basis as set forth in Paragraph 5., one-twelfth (1/12) of Tenant's

Building Percentage of the amount by which Landlord's estimate of the Operating Expenses for each calendar year during the Term (after the Base Year) are estimated by Landlord to exceed the Operating Expenses incurred by Landlord for the Base Year, as such Base Year is specified in section C.8. of the Information Sheet ("Base Year Operating Expenses"),

B. Operating Expenses. The term "Operating Expenses" shall mean all expenses, costs and disbursements (but not capital improvements except as otherwise expressly provided below, or specific costs especially billed to and paid by specific tenants) of every kind and nature which Landlord shall pay or become obligated to pay because of or in connection with the ownership, replacement, maintenance, repair or operation of the Project and such additional building or Outside Area facilities in subsequent years as maybe determined by Landlord to be necessary or appropriate. Operating Expenses shall include, but not be limited to, the following, all of which shall be included in the Base Year:

(i) Wages and salaries of all employees engaged in the operation, maintenance and Access Control of the Project, including taxes, insurance and benefits relating thereto; and the rental cost and overhead of any office and storage space used to provide such services;

(ii) All supplies and materials used in operation, repair and maintenance of the Project;

(iii) Cost of all utilities, including surcharges, for the Project, including the cost of water, sewer, gas, power, heating, lighting, air conditioning and ventilating for the Project;

(iv) Cost of all maintenance and service agreements for the Project and the equipment thereon, including Access Control and energy management services, window cleaning, floor waxing, elevator maintenance, janitorial service, engineers, gardeners, and trash removal services;

(v) Cost of all insurance which Landlord or Landlord's lender deems necessary or appropriate for the Project such as the cost of "All-Risk" property insurance including, at Landlord's option, earthquake and flood coverage, insurance against loss of rents on an "All-Risk" basis, and a lender's loss payable endorsement in favor of any lenders with respect to the Project, and naming Landlord and such lenders as insureds; and casualty and liability insurance applicable to the Building, Property and Outside Area and Landlord's personal property used in connection therewith, naming Landlord, Landlord's lender and Landlord's Agents as named or additional insureds or as loss-payees, as applicable;

(vi) Cost of repairs and general maintenance (excluding repairs and general maintenance to the extent then paid by proceeds of insurance or other third parties);

(vii) A management fee equal to three percent (3%) of annual Actual Operating Expenses;

(viii) The costs of any additional services not provided to the Project at the Commencement Date but thereafter provided by Landlord in its management of the Building, Property or Outside Area;

(ix) The cost of only those capital improvements (including interest) made to the Project after the Effective Date that are (i) intended to reduce other Operating Expenses (as to which the amortized cost to be included in Operating Expenses in any year shall be limited to the actual reduction in Operating Expenses during such year as a result thereof) or (ii) are required to be made in order to conform to any changes subsequent to the Commencement Date in any Applicable Law, including orders of any governmental agencies having jurisdiction over the Building or which enhance in any material respect the general appearance or use of the Project or any portion thereof, with the cost of such capital improvements described in clauses (i) and (ii) above being amortized with interest at an annual rate of eight percent (8%) simple over the period Landlord reasonably determines to be the useful life of the capital improvement, consistent with applicable governmental requirements and generally accepted accounting principles consistently applied;

(x) Real Property Taxes, as that term is defined in Paragraph 16;

(xi) The cost of providing the Access Control services specified in Paragraph 46.B; and

(xii) Assessments, dues and other amounts payable pursuant to the CC&Rs, including any and all assessments and dues of the Association.

The cost of additional or extraordinary services provided to Tenant and not paid or payable by Tenant in their entirety pursuant to other provisions of this Lease shall be payable by Tenant on a monthly basis.

Operating Expenses shall not include:

(a) the cost of any additional or extraordinary services provided to other tenants of the Building;

(b) costs paid for directly by Tenant;

(c) principal and interest payments on loans secured by deeds of trust recorded against the Project;

(d) real estate sales or leasing brokerage commissions;

(e) executive salaries of off-site personnel employed by Landlord except for the charge (or pro rata share) of the manager of the Project (which manager's salary is not included within the Management Fee);

(f) attorneys' fees and costs, court costs and fees and costs of experts incurred in connection with negotiations or disputes with Tenant, other occupants, or prospective tenant or occupants;

(g) renovating or otherwise improving, decorating, painting or redecorating spaces to be used exclusively by, or paid for exclusively by, other tenants or other occupants of the Project;

(h) costs incurred due to violations by Landlord or any tenant of the terms and conditions of any lease;

(i) advertising and promotional expenditures;

(j) any fines or penalties incurred due to violations by Landlord of any Applicable Law or governmental rule or authority;

(k) the cost of any items for which the Landlord is actually reimbursed by condemnation proceeds, insurance carried or by warranty or for which Landlord is otherwise actually compensated;

(l) costs for sculpture, painting or other objects of art;

(m) charitable contributions;

(n) any costs relating to Toxic Materials, asbestos and the like not resulting from actions of Tenant; or

(o) costs incurred by Landlord due to the negligence or misconduct of Landlord or its agents, contractors, licensees and employees or the violation by Landlord or any tenants or other occupants of the terms and conditions of any lease of space or other agreements including this Lease.

The Landlord shall not recover under this Section 15 or elsewhere in this Lease any item of cost more than once.

C. Adjustment.

(i) **Projected Increases**. Prior to or at any time after the commencement of each calendar year during the Term following the Base Year, Landlord may provide Tenant with notice of Landlord's reasonable estimate of the amount by which the then

current year's Operating Expenses are projected, if at all, to exceed the Base Year Operating Expenses (the "Projected Increase in Operating Expenses"). Tenant shall thereafter during such year pay adjusted Monthly Rent which shall include as the Monthly Operating Expense Reimbursement an amount equal to one-twelfth (1/12) of Tenant's Building Percentage multiplied by any Projected Increase in Operating Expenses.

(ii) **Accounting**. Within ninety (90) days (or as soon thereafter as possible) after the close of each calendar year after the Base Year, Landlord shall provide Tenant a statement of (a) such year's actual Operating Expenses, (b) the Base Year Operating Expenses, (c) the amount, if any, by which the actual Operating Expenses exceed the Base Year Operating Expenses (the "Actual Increase in Operating Expenses"), (d) the amount equating to Tenant's Building Percentage of any Actual Increase in Operating Expenses and (e) the sum of any amounts theretofore paid by Tenant as Monthly Operating Expense Reimbursements pursuant to Paragraph 5.A. with respect to such year. If the amount set forth in clause (d) above exceeds the amount set forth in clause (e) above, Tenant shall pay the amount of such excess to Landlord within Fifteen (15) days after receipt of such statement, which obligation shall survive the expiration or earlier termination of its Term of the Lease. If the amount set forth in clause (e) above exceeds the amount set forth in clause (d) above, Landlord shall credit the amount of such excess against the next accruing payment(s) of Monthly Operating Expense Reimbursements or reimburse Tenant for same if this Lease has terminated prior to the date such determination is made. If Tenant disputes the amount of the Actual Increase in Operating Expenses stated in said statement, Tenant may designate, within sixty (60) days after receipt of such statement, an independent certified public accountant to inspect Landlord's records, at Tenant's sole cost. Tenant is not entitled to request that inspection, however, if Tenant is then in Default under this Lease. The accountant shall be a member of a nationally recognized accounting firm and shall not charge a fee based on the amount of the Actual Increase in Operating Expenses that the accountant is able to save Tenant by the inspection. Such accountant and Tenant shall, at Landlord's option, prior to the occurrence of any such inspection, execute a confidentiality agreement in form reasonably acceptable to the parties thereto in which such accountant and Tenant agree to maintain Landlord's books and records and the results of such inspection in confidence. Tenant shall give reasonable notice to Landlord of the request for inspection, and the inspection shall be conducted in Landlord's offices at a reasonable time or times. If, after that inspection, Tenant still disputes the Actual Increase in Operating Expenses, a certification of the proper amount shall be made, at Tenant's expense, by Landlord's independent certified public accountant. That certification shall be final and conclusive. If any such certification demonstrates that Landlord's statement overstated the amount of the Actual Increase in Operating Expenses, Landlord shall credit or reimburse the amount of Tenant's Building Percentage thereof against the next accruing payment(s) of Monthly Operating Expense Reimbursements or reimburse Tenant for same if this Lease has terminated prior to the date such determination is made. Such reimbursement is Tenant's sole remedy for any error in such statement from Landlord.

(iii) **Proration**. Tenant's liability to pay Tenant's Building Percentage of Operating Expenses in excess of Base Year Operating Expenses shall be prorated on the basis of a 365-day year to account for any fractional portion of a year included at the commencement or expiration of the term of this Lease.

(iv) **Not Fully Occupied**. Notwithstanding any other provision to the contrary, it is agreed that if the Building, in total, is less than ninety-five percent (95%) occupied during all or any portion of any calendar year (including the Base Year), an adjustment shall be made in calculating the Operating Expenses for the Project for such year so that Tenant's Percentage of Operating Expenses in excess of the Base Year Operating Expenses shall be equivalent to the Operating Expenses calculated as though the Building, in total, had been ninety-five percent (95%) occupied during the entirety of such year,

(v) **Survival**. Landlord and Tenant's obligation to pay for or credit any increase or decrease in payments pursuant to this Paragraph shall survive the expiration or termination of the Term of this Lease.

D. Failure to Pay. Failure of Tenant to pay any of the charges required to be paid under this Paragraph 15. shall constitute a Default, and Landlord's remedies shall be as specified in Paragraph 29.B.

16. Taxes and Assessments.

A. Payment by Tenant. Except as provided for in Paragraph 16.C., Real Property Taxes for the Project shall be included within Operating Expenses pursuant to Paragraph 15.B.

B. Annual Assessments. With respect to any taxes or assessments that may be levied against or upon the Project, or which under Applicable Law then in force may be evidenced by improvement or other bonds or may be paid in annual installments, only the amount of such annual installment (with appropriate proration for any partial year) and interest due thereon shall be included within the computation of the annual taxes and assessments levied against the Project.

C. Taxes Levied Against Tenant's Alterations and Personal Property. In addition to Tenant's obligation to pay its Building Percentage of Operating Expenses over Base Year Operating Expenses as provided in Paragraphs 15 and 16. A., (i) Tenant shall be responsible for and shall pay to the taxing authority prior to delinquency, to the extent Tenant is billed directly, all Real Property Taxes assessed with respect to or against Tenant, or any Alterations, improvements, fixtures, equipment, facilities, furniture or other Personal Property owned by Tenant or placed, installed or located within, upon or about the Premises by Tenant or at Tenant's direction (collectively "Personal Property Taxes"), and (ii) to the extent any Personal Property Taxes are billed to Landlord and Landlord elects not to include such Personal Property Taxes in Operating Expenses, Tenant shall be responsible for and shall pay to Landlord within ten (10) days after notice from Landlord, the amount of such Personal Property Taxes so billed to Landlord. Tenant shall provide Landlord with evidence of Tenant's payment of the same upon Landlord's request.

D. Failure to Pay. Failure of Tenant to pay any of the charges required to be paid under this Paragraph 16 shall constitute a Default, and Landlord's remedies shall be as specified in Paragraph 29.B.

17. Utilities and Services.

A. Services Provided by Landlord. Landlord shall provide heating, ventilation, air conditioning, Access Control, janitorial service, reasonable amounts of electricity for normal lighting and office machines, water for reasonable and normal drinking and lavatory use, and replacement light bulbs and/or fluorescent tubes and ballasts for standard overhead fixtures. All such costs shall be included in Operating Expenses, pursuant to Paragraph 15.B.

B. Services Exclusive to Tenant. Tenant shall pay for all telephone and other utilities and services specially or exclusively supplied and/or metered exclusively to the Tenant, together with any taxes thereon. Any such services that are not separately metered to the Premises shall be included in Operating Expenses, pursuant to Paragraph 15.B.

C. Hours of Service. Said services shall be provided during generally accepted business days and hours or such other days or hours as may hereafter be set forth. Utilities shall be provided on a twenty-four hour basis, subject to the provision of this Paragraph 17.

D. Excess Usage by Tenant. Tenant shall not have connection to the utilities except by or through existing outlets and shall not install or use machinery or equipment in or about the Premises that uses excess water, lighting or power, or suffer or permit any act that causes extra burden upon the utilities or services, including Access Control services, over standard office usage for the Project. Landlord shall require Tenant to reimburse Landlord for any excess expenses or costs that may arise out of a breach of this subparagraph by Tenant.

Landlord may, in its sole and absolute discretion, install at Tenant's expense supplemental equipment and/or separate metering applicable to Tenant's excess usage or loading.

E. Interruptions. There shall be no abatement of Rent and Landlord shall not be liable in any respect whatsoever for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause beyond Landlord's reasonable control or in cooperation with governmental request or directions. Notwithstanding anything to the contrary contained in this Lease, if any service provided by Landlord pursuant to this Article 17 is interrupted as a result of the negligence or willful misconduct of Landlord, its agents, employees or contractors, for more than five (5) consecutive business days, Tenant's obligation to pay Rent shall abate from the sixth business day following the interruption until the date that any such service has been restored.

F. After Hours HVAC. Subject to the provisions of Paragraph 17.E., Landlord shall endeavor to provide HVAC service to the Premises between the hours of 6:30 a.m. (Pacific Time) and 6:00 p.m. (Pacific Time), Monday through Friday. In the event that, in Landlord's reasonable discretion, Tenant uses material after-hours HVAC, Landlord shall have the right to charge Tenant for such use on an equitable basis. In order to utilize after-hours HVAC, Tenant will activate the Landlord-designated bypass switch for the HVAC system that serves the Premises (using Tenant's access control card or pushing the bypass button). Tenant acknowledges that the applicable system may provide HVAC service to portions of the Building other than the Premises, and Tenant agrees to pay the full cost of such after-hours HVAC service, even to the extent it serves areas outside of the Premises. In the event additional HVAC is required for an individual area within the Premises, a separate HVAC system with check meter will be installed to record usage, at the sole expense of Tenant. Tenant will reimburse Landlord at the rate charged by the utility company for this usage.

G. Paging. The paging system is divided into sub-zones whereby Tenant will have the ability to page personnel within the confines of the Premises. In the event of an emergency or building evacuation, Landlord will have the capability to make paging announcements in the Premises. Tenant shall not adjust, alter, or remove any Landlord paging system equipment at any time.

18. Repair and Maintenance.

A. Premises, Building and Outside Area.

(i) **Maintenance and Repair; Landlord's Obligations**. Landlord shall keep the Project, including the Premises, interior and exterior walls, roof, and common areas and the equipment, whether used exclusively for Tenant or in common with Landlord or other tenants, in good condition and repair; provided, however, Landlord shall not be obligated to paint, repair or replace wall coverings, or to repair or replace any Tenant Improvements, Alterations, or any improvements that are not ordinarily a part of the Building or are above then

Building standards. Except as provided in Paragraph 25, there shall be no abatement of Rent or liability of Tenant on account of any injury or interference with Tenant's business with respect to any improvements, alterations or repairs made by Landlord to the Project or any part thereof. Landlord shall be responsible for maintaining and repairing (a) the structural parts of the Building, which structural parts include the foundation, roof and subflooring of the Premises, the basic plumbing, heating, ventilating, air conditioning and electrical systems installed or furnished by Landlord, and (b) the Outside Area, except for any damage to Premises, Building or Outside Area caused by the negligence or willful acts or omissions of Tenant or of Tenant's Agents, or by reason of the failure of Tenant to perform or comply with any terms, conditions or covenants in this Lease, or caused by Alterations made by Tenant or by Tenant's Agents, which shall be Tenant's responsibility. Except as otherwise provided in Paragraph 15.B., all costs of repair and maintenance of the Project shall be included in the Operating Expenses.

(ii) **Janitorial Services**. Landlord shall cause janitorial service to be provided to the Premises five (5) days a week, Sunday through Thursday, and the cost thereof shall be included in Operating Expenses under the provisions of Paragraph 15.B. Coverage will not be provided on holidays observed by Landlord.

(iii) **Tenant's Obligations**. Notwithstanding Landlord's obligation to keep the Premises in good condition and repair, Tenant shall be responsible for payment of the cost thereof to Landlord as additional rent for that portion of the cost of any maintenance and repair of the Premises, or any equipment (wherever located) that serves only Tenant or the Premises, to the extent such cost is attributable to causes beyond normal wear and tear. Tenant shall be responsible for the cost of painting, repairing or replacing wall coverings, and to repair or replace any Tenant Improvements, Alterations and any other Premises improvements that are not ordinarily a part of the Building or that are above then Building standards. Landlord may, at its option, upon reasonable notice, elect to have Tenant perform such maintenance or repairs which are otherwise Tenant's responsibility hereunder.

(iv) **Notice of Repairs Needed**. Landlord shall not be liable for any failure to make any of the repairs or to perform any maintenance unless the failure shall persist for an unreasonable time after written notice of the need of the repairs or maintenance is given to Landlord by Tenant.

(v) **No Abatement**. There shall be no abatement of Rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements in or to, or maintenance of, any portion of the Project, or any fixtures, appurtenances and equipment therein provided Landlord makes reasonable efforts not to unduly interfere with Tenant's use and enjoyment of the Project.

B. Control and Reconfiguration. Landlord shall at all times have exclusive control of the Project (other than the Premises), including the Outside Area, and may at any time temporarily close any part thereof and exclude and restrain anyone from any part thereof, and

may change the design configuration or location of all or any part of the Project. Without limiting the generality of the foregoing statements, Landlord shall have the right, in Landlord's sole and absolute discretion, from time to time, to:

(i) Make changes to the Project interior and exterior, including changes in the location, size, shape, number, and appearance thereof, including the lobbies, cafeteria, windows, stairways, air shafts, elevators, escalators, restrooms, driveways, parking spaces, parking areas, loading and unloading areas, entrances and exits, direction of traffic, decorative walls, landscaped areas and walkways; however, Landlord shall at all times provide the parking facilities required by Applicable Law;

(ii) Temporarily close any of the Outside Area for maintenance so long as reasonable access to the Premises remains available;

(iii) Add additional buildings and improvements to the Outside Area;

(iv) Use the Outside Area while engaged in making additional improvements, repairs or alterations to the Project, or any portion thereof;

(v) Do and perform such other acts and make such other changes in, to or with respect to the Outside Area and Project as Landlord may, in the exercise of sound business judgment, deem to be appropriate; and

(vi) Eliminate any of the additional services set forth on EXHIBIT F.

Landlord shall further have the right to enter upon the Premises, as provided in Paragraph 21, for the purpose of installing, maintaining, repairing, adjusting and making connections to any utilities (including plumbing, HVAC, electrical, telephone, and cable TV) serving the Premises or other spaces in the Building or for gaining access to the structural portions of the Building and making repairs or alterations thereto for the benefit of Tenant, Landlord or other occupants of the Building. No such entry shall be considered a constructive or actual eviction of Tenant, and Landlord shall have no liability to Tenant therefor, provided that Landlord shall use commercially reasonable efforts to minimize interference with Tenant's operations.

C. Waiver. Tenant waives the provisions of Applicable Law, including Sections 1932(1), 1932(2), 1933(4), 1941 and 1942 of the California Civil Code and any similar or successor law, which might now or at any time hereafter otherwise afford Tenant any right to terminate this Lease or make repairs and deduct the expenses of such repairs from the Rent due under this Lease.

D. Compliance with Governmental Regulations. Subject to the provisions of Paragraphs 10 and 11, Tenant shall, at its cost comply with, including the making by Tenant of

any Alteration to the Premises, all present and future Applicable Law arising from the use or occupancy of, or applicable to, the Project or privileges appurtenant thereto.

E. Repair Where Tenant at Fault. If all or part of the Project or the Premises requires repair or becomes damaged or destroyed through any act or omission of Tenant or Tenant's Agents, Landlord may affect the necessary alterations, replacements or repairs at Tenant's cost.

19. Fixtures. Tenant shall, at its own expense, provide, install and maintain in good condition all trade fixtures, equipment and other Tenant's Personal Property required in the conduct of its business in the Premises. All fixtures and improvements, other than Tenant's trade fixtures and equipment, which are installed or constructed upon or attached to the Premises by either Landlord or Tenant shall become a part of the realty and belong to Landlord, excepting only those Alterations required to be removed pursuant to Paragraph 13. If Tenant is not then in Default, Tenant may, at the termination of this Lease, or at any other time, remove from the Premises all trade fixtures, equipment and other Tenant's Personal Property not permanently affixed to the Premises. Upon removal, Tenant shall restore the Premises to its original condition at the time of occupancy, Tenant Improvements and normal wear and tear excepted, subject to the provisions of Paragraph 25.

20. Liens. Tenant shall keep the Project free from any liens arising out of any work performed, materials furnished or obligations incurred by or on behalf of Tenant and shall defend, indemnify and hold the Project, Landlord and Landlord's Agents free and harmless from and against any lien, claim, cause of action, loss, liability, damage or expense, including reasonable attorneys' fees and costs, court costs and fees and costs of experts, in connection with or arising out of any such lien or claim of lien. Tenant shall cause any such lien imposed to be released of record by payment or posting of a proper bond acceptable to Landlord within fifteen (15) days after receipt of written request by Landlord. If Tenant fails to so remove any such lien within the prescribed fifteen (15)-day period, then Landlord may do so, and Tenant shall reimburse Landlord upon demand. Such reimbursement shall include all amounts incurred by Landlord including Landlord's reasonable attorneys' fees and costs, court costs and fees and costs of experts, with interest thereon at the Interest Rate.

21. Landlord's Right to Enter the Premises. Tenant shall permit Landlord and Landlord's Agents to enter the Premises at all reasonable times with at least twenty-four (24) hours' prior notice to Tenant, with the exception of emergencies (when no notice shall be required), to inspect the Premises, to post Notices of Nonresponsibility and similar notices, "For Sale" signs, to show the Premises to interested parties such as prospective lenders and purchasers, to make repairs or alterations to the Premises or the Building and any utility system located therein, to discharge Tenant's obligations hereunder when Tenant has failed to do so within a reasonable time after written notice from Landlord, and at any reasonable time within one hundred eighty (180) days prior to the expiration of the Term, to place upon the Premises

ordinary “For Lease” signs and to show the Premises to prospective tenants. The above rights are subject to reasonable Access Control regulations of Tenant, and to the fact that Landlord shall seek to exercise its rights in a manner so as to minimize interference with Tenant’s business.

22. Signs. Tenant shall not install any signs upon the exterior of the Premises or the Project. Tenant shall not install any signs on the interior of the Premises without first obtaining Landlord’s written consent, which shall not be unreasonably withheld or delayed. Landlord will provide Tenant with one line on a monument sign, at Landlord’s expense.

23. Insurance.

A. Indemnification. Tenant shall protect, defend, indemnify and hold Landlord and Landlord’s Agents free and harmless from and against any and all damage, loss, liability or expense including reasonable attorneys’ fees and costs, court costs and fees and costs of experts suffered directly or indirectly or by reason of any claim, cause of action, suit or judgment brought by or in favor of any person or persons for damage, loss or expense due to, but not limited to, bodily injury and property damage sustained by such person or persons which arises out of, is occasioned by or in any way attributable to (i) injury or damage occurring upon the Premises, (ii) the use or occupancy of the Project or any part thereof and adjacent areas by the Tenant, (iii) the acts or omissions of the Tenant or Tenant’s Agents, except to the extent caused solely by the gross negligence or willful misconduct of Landlord or Landlord’s Agents. Tenant agree that the indemnity obligations assumed herein and in other provisions of this Lease shall survive the expiration or earlier termination of the Term of this Lease.

B. Tenant’s Insurance. Tenant shall maintain in full force and effect at all times during the Term (including any extension(s)), at its own expense, for the protection of Tenant and Landlord, as their interests may appear, policies of insurance issued by an authorized carrier or carriers, reasonably acceptable to Landlord, which afford the following coverages:

(i) Worker’s Compensation – In accordance with state law.

(ii) Commercial general liability insurance in an amount not less than One Million and no/100ths Dollars ($1,000,000.00) per occurrence, Two Million and no/100ths Dollars ($2,000,000.00) general aggregate for both bodily injury and property damage which includes blanket contractual liability, broad form property damage, personal injury, completed operations, and products liability naming Landlord as an additional insured.

(iii) “All-Risk” property insurance (including vandalism, malicious mischief, inflation and sprinkler leakage endorsement) on Tenant’s Personal Property located on or in the Premises together with any improvement or Alteration which Landlord is not obligated to repair pursuant to Paragraph 25.E. Such insurance shall be in the full amount of the replacement cost, as the same may from time to time increase as a result of inflation or otherwise and shall name Landlord as a loss payee.

C. Landlord's Insurance. During the Term Landlord shall maintain "All-Risk" property insurance (including, at Landlord's option, inflation endorsement, sprinkler leakage endorsement, and earthquake and flood coverage) on the Project, excluding coverage of the Tenant Improvements and all Tenant's Personal Property located on or in the Premises. At Landlord's option, the coverage shall also include insurance against loss of rents on an "All-Risk" basis, including flood, in an amount equal to the Monthly Rent, and any other amounts payable under the Lease, for a period of at least twelve (12) months commencing on the date of loss. Such insurance shall name Landlord as a named insured and may, at Landlord's option, include Landlord's Agents as named insureds and lender's loss payable endorsement(s) in favor of lenders with respect to the Property. The insurance premiums, including the premiums resulting from increases in the valuation of the Project shall be included in Operating Expenses.

D. Evidence of Insurance. Tenant shall deliver to Landlord, prior to Tenant's entry onto the Premises, certificates of insurance evidencing the insurance for the coverage specified in Paragraph 23.B., with the limits not less than those specified therein. The certificates of insurance shall include a statement providing that the insurer will provide not less than thirty (30) days' prior written notification to Landlord in the event of reduction in coverage or cancellation, and ten (10) days' notice of cancellation for non-payment of premiums, with respect to any required coverage unless comparable insurance is obtained from another carrier prior to the effective date of cancellation.

E. Co-Insurer. If, on account of the failure of Tenant to comply with the foregoing provisions, Landlord is adjudged a co-insurer by its insurance carrier, then, any loss or damage Landlord shall sustain by reason thereof, including reasonable attorneys' fees and costs, court costs and fees and costs of experts, shall be borne by Tenant and shall be immediately paid by Tenant upon receipt of a bill therefor and evidence of such loss.

F. Insurance Requirements. All insurance shall be in a form reasonably satisfactory to Landlord. All policies required by Paragraph 23.B. shall be carried with companies that have a general policy holder's rating of not less than "A-" and a financial rating of not less than Class "VIII" in the most current edition of *Best's Insurance Reports.* All policies required by Paragraph 23.B. shall provide that the policies shall not be subject to material alteration or cancellation except after at least thirty (30) days' prior written notice to Landlord, and ten (10) days' notice of cancellation for non-payment of premiums, and they shall be primary and non-contributory as to Landlord. If Tenant fails to procure and maintain the insurance required hereunder, Landlord may, but shall not be required to, order such insurance at Tenant's expense and Tenant shall reimburse Landlord. Such reimbursement shall include all amounts incurred by Landlord, including reasonable attorneys' fees and costs, court costs and fees and costs of experts, with interest thereon at the Interest Rate.

G. No Limitation of Liability. Landlord makes no representation that the limits of liability specified to be carried by Tenant under the terms of this Lease are adequate to

protect Tenant or Landlord, and, in the event Tenant believes that any such insurance coverage called for under this Lease is insufficient, Tenant shall provide, at its own expense, such additional insurance as Tenant deems adequate.

H. Landlord's Disclaimer. Landlord and Landlord's Agents shall not be liable for any loss or damage to persons or property resulting from fire, explosion, falling plaster, glass, tile or sheetrock, steam, gas, electricity, water or rain which may leak from any part of the Project, or from the pipes, appliances or plumbing works therein or from the roof, street or subsurface or whatsoever, unless caused by or due to the gross negligence or willful misconduct of Landlord or Landlord's Agents. Landlord and Landlord's Agents shall not be liable for interference with the light, air, or any latent defect in the Project. In no event whatsoever shall Landlord be liable for losses attributable to interruption of any utility services. Tenant shall give prompt written notice to Landlord in the case of a casualty, accident or repair needed in the Project.

I. Increased Coverage. Not more than once during each calendar year during the Term, within thirty (30) days after receipt of written demand, Tenant shall provide Landlord, at Tenant's expense, with such increased amount of existing insurance, and such other insurance as Landlord or Landlord's lender may reasonably require, to afford Landlord and Landlord's lender adequate protection.

24. Waiver of Subrogation. Landlord and Tenant each hereby waive all rights of recovery against the other on account of loss and damage occasioned to such waiving party for its property or the property of others under its control to the extent that such loss or damage is insured against under any insurance policies which may be in force at the time of such loss or damage, but only to the extent of insurance proceeds actually received. Tenant and Landlord shall, upon obtaining policies of insurance required hereunder, give notice to the insurance carrier that the foregoing mutual waiver of subrogation is contained in this Lease, and Tenant and Landlord shall cause each insurance policy obtained by such party to provide that the insurance company waives all right of recovery by way of subrogation against either Landlord or Tenant in connection with any damage covered by such policy.

25. Damage or Destruction.

A. Partial Damage – Insured. If the Premises or the Building are damaged by any casualty which is covered under the "All-Risk" insurance carried by Landlord pursuant to Paragraph 23.C., then Landlord shall restore the damage, provided insurance proceeds are available to pay the full cost of restoration and provided such restoration can be completed within one hundred eighty (180) days after the commencement of the work in the reasonable opinion of Landlord. In such event this Lease shall continue in full force and effect, except that Tenant shall be entitled to a proportionate reduction of Monthly Rent while such restoration for which Landlord is obligated hereunder takes place, such proportionate reduction to be based

upon the extent to which the damage and restoration efforts interfere with Tenant's use of the Premises.

B. Partial Damage – Uninsured. If the Premises or the Building is damaged by a risk not covered by Landlord's insurance, or the available proceeds of insurance are less than the cost of restoration, or if the restoration cannot be completed within one hundred eighty (180) days after the commencement of work, in the reasonable opinion of Landlord, then Landlord shall have the option either to: (i) repair or restore such damage, this Lease continuing in full force and effect, but the Monthly Rent to be proportionately abated as provided in Paragraph 25.A.; or (ii) deliver notice to Tenant at any time within thirty (30) days after such damage terminating this Lease as of a date to be specified in such notice, which date shall be not less than thirty (30) nor more than sixty (60) days after giving such notice. If notice of termination is given, this Lease shall expire and all interest of Tenant in the Premises shall terminate on the date specified in the notice, and the Monthly Rent shall be reduced in proportion to the extent, if any, to which the damage interferes with the use of the Premises by Tenant. All insurance proceeds for the Premises shall be payable solely to Landlord, and Tenant shall have no interest in the proceeds.

C. Total Destruction. If the Premises or the Building is totally destroyed or the Premises or Building, as the case may be, cannot be restored as required herein under Applicable Law or due to the presence of hazardous factors such as earthquake faults, chemical waste and similar dangers, notwithstanding the availability of insurance proceeds, this Lease shall be terminated effective the date of the damage.

D. Tenant's Election. If the Premises are damaged by any casualty, or if any portion of the Outside Area is damaged by a casualty to such an extent that the Premises is no longer useable by Tenant, in Tenant's reasonable opinion, and if, in Landlord's reasonable opinion, such casualty cannot be repaired or restored within one hundred eighty (180) days after commencement of such work, then Tenant may, by written notice delivered to Landlord at any time within thirty (30) days after such damage, terminate this Lease as of the future date specified in such notice, which date shall not be less than thirty (30) nor more than sixty (60) days after the date of Tenant's delivery of such notice. If notice of termination is so given, this Lease shall expire and all interests of Tenant and the Premises shall terminate on the date specified in the notice and the Monthly Rent shall be reduced in proportion to the extent, if any, to which the damage interferes with the use of the Premises by Tenant. All insurance proceeds for the Premises shall be payable to Landlord, and Tenant shall have no interest in the proceeds.

E. Landlord's Obligations. Landlord shall not be required to insure against or repair any injury or damage by fire or other cause, or to make any restoration or replacement of any paneling, decorations, partitions, railings, floor coverings, office fixtures or other items which are Tenant Improvements, Alterations or Personal Property installed in the Premises by Tenant or at the direct or indirect expense of Tenant. Tenant shall be required, at Tenant's sole

cost and expense, separately to insure the same and promptly to restore or replace same in the event of damage. Except for any abatement of Monthly Rent relating to the plan of restoration of damage for which Landlord is obligated to repair hereunder, Tenant shall have no claim against Landlord for any damage suffered by reason of any such damage, destruction, repair or restoration; nor shall Tenant have the right to terminate this Lease as the result of any statutory provision now or hereafter in effect pertaining to the damage and destruction of the Premises, except as expressly provided herein.

F. Damage Near End of Term. Anything herein to the contrary notwithstanding, if more than fifty percent (50%) of the Building is destroyed or damaged during the last twelve (12) months of the Term, then either Tenant or Landlord may, at its option, cancel and terminate this Lease as of the date of the occurrence of the damage. If neither such party elects to terminate this Lease, the repair of the damage shall be governed by the other provisions of this Paragraph 25. If this Lease is terminated, Landlord may keep all the insurance proceeds resulting from the damage, except for the proceeds which specifically insured Tenant's Personal Property.

26. Condemnation.

A. Total Taking – Termination. If title to all of the Premises or so much thereof is taken or appropriated for any public or quasi-public use under any statute or by right of eminent domain so that reconstruction of the Premises will not, in Landlord's and Tenant's mutual opinion, result in the Premises being reasonably suitable for Tenant's continued occupancy for the uses and purposes permitted by this Lease, this Lease shall terminate as of the date that possession of the Premises or part thereof be taken. A sale by Landlord to any authority having the power of eminent domain, either under threat of condemnation or while condemnation proceedings are pending, shall be deemed a taking under the power of eminent domain for all purposes of this Paragraph.

B. Partial Taking. If any part of the Premises or the Building is taken and the remaining part is reasonably suitable for Tenant's continued occupancy for the purposes and uses permitted by this Lease, this Lease shall, as to the part so taken, terminate as of the date that possession of such part of the Premises or Building is taken. If the Premises is so partially taken the Rent and other amounts payable hereunder shall be reduced in the same proportion that Tenant's use and occupancy is reduced.

C. No Apportionment of Award. No award for any partial or entire taking shall be apportioned. Tenant assigns to Landlord its interest in any award which may be made in such taking or condemnation, together with any and all rights of Tenant arising in or to the same or any part thereof. Nothing contained herein shall be deemed to give Landlord any interest in or require Tenant to assign to Landlord any separate award made to Tenant for the taking of Tenant's Personal Property, for the interruption to Tenant's business, or its moving costs, or for the loss of its good will.

D. Temporary Taking. No temporary taking of the Premises shall terminate this Lease or give Tenant any right to any abatement of Rent. Any award made to Tenant by reason of such temporary taking shall belong entirely to Tenant and Landlord shall not be entitled to share therein. Each party agrees to execute and deliver to the other all instruments that may be required to effectuate the provisions of this Paragraph.

27. Assignment and Subletting.

A. Landlord's Consent. Tenant shall not enter into a Sublet without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Any attempted or purported Sublet without Landlord's prior written consent shall be void and confer no rights upon any third person and, at Landlord's election, shall terminate this Lease. Each Subtenant shall agree in writing, for the benefit of Landlord, to assume, to be bound by, and to perform and observe the terms, covenants and conditions of this Lease to be performed and observed by Tenant. Every Sublet shall recite that it is, and shall be, subject and subordinate to the provisions of this Lease, and that the termination of this Lease shall constitute a termination (at the option of the Landlord) of every such Sublet. Notwithstanding anything contained herein, (i) Tenant shall not be released from personal liability for the performance of any of the terms, covenants and conditions of this Lease by reason of Landlord's consent to a Sublet unless Landlord specifically grants such release in writing (it being agreed that Landlord has no obligation to do so), and (ii) the parties agree that it shall be reasonable for Landlord to withhold its consent to any proposed Sublet when the proposed Subtenant is an occupant of the Property or is a third party which is already involved in negotiations with Landlord to lease space in the Project. Without limiting the generality of Landlord's discretion in determining whether it is reasonable to withhold consent for any requested Sublet, it shall be deemed reasonable for Landlord to withhold such consent if the proposed Subtenant would use the Premises for any use other than for general office purposes.

B. Information to be Furnished. If Tenant desires at any time to Sublet the Premises or any portion thereof, it shall first notify Landlord of its desire to do so and shall submit in writing to Landlord: (i) the name of the proposed Subtenant; (ii) the nature of the proposed Subtenant's business to be carried on in the Premises; (iii) the terms and provisions of the proposed Sublet and a copy of the proposed Sublet form containing a description of the subject premises; and (iv) such financial information, including financial statements, as Landlord may reasonably request concerning the proposed Subtenant. If Tenant requests Landlord's consent to a proposed Sublet, Tenant shall pay to Landlord, whether or not consent is ultimately given, Landlord's reasonable attorneys' fees and costs incurred in connection with such request.

C. Landlord's Alternatives. At any time within ten (10) business days after Landlord's receipt of all the information specified in Paragraph 27.B., Landlord may, by written notice to Tenant, elect: (i) to lease for its own account the Premises or the portion thereof so proposed to be Sublet by Tenant, upon the same terms as those offered to the proposed subtenant

but on a form acceptable to Landlord; (ii) to terminate this Lease as it relates to the Premises or portion thereof so proposed to be Sublet by Tenant as of the later of (x) the proposed effective date of such Sublet or (y) thirty (30) days after the date Landlord is in receipt of the information specified in Paragraph 27.B.; (iii) to consent to the Sublet by Tenant; or (iv) if reasonable to do so, to refuse its consent to the Sublet. Landlord's failure to deliver such notice of election within such ten (10)-business day period shall be deemed Landlord's consent to such Sublet.

If Landlord consents to the Sublet, Tenant may thereafter enter a valid Sublet of the Premises or portion thereof, upon the terms and conditions and with the proposed Subtenant set forth in the information furnished by Tenant to Landlord pursuant to Paragraph 27.B. provided, however, that fifty percent (50%) of any excess of (I) the monthly Subrent, minus (II) (A) the Monthly Rent required to be paid by Tenant hereunder, B) the sum of the following costs (each solely to the extent that it is reasonable, documented and out-of-pocket and actually paid to a *bona fide* third party) that Tenant incurred in procuring such sublease, and each amortized over the term of the applicable sublease on a monthly basis: (i) the cost of any tenant improvements that Tenant must make to the Sublet premises (as permitted under this Lease) under the applicable sublease, (ii) Tenant's attorneys' fees incurred in negotiating and documenting the applicable sublease, and (iii) Tenant's brokerage commissions paid to a California licensed real estate broker in connection with the Sublet, and (C) any then unamortized value of any applicable Alterations constructed at Tenant's cost, applied on an amortized basis over the remainder of the Term, in each case, shall be paid to Landlord as and when received by Tenant. As used immediately above, the term "applicable Alterations" means any permitted Alterations constructed at Tenant's sole cost that are allocable to the space that is subject to the applicable Sublet, based upon rentable square footage or other equitable basis utilized by Landlord in Landlord's reasonable discretion (for example, if the applicable Alteration served only the portion of the Premises not subject to the applicable Sublet, then Landlord might choose to allocate the entire unamortized cost of such Alteration to the un-Sublet portion of the Premises).

D. Proration. If a portion of the Premises is Sublet, the pro rata share of the Monthly Rent attributable to such partial area of the Premises shall be determined by Landlord by dividing the Monthly Rent payable by Tenant hereunder by the total rentable square footage of the Premises and multiplying the resulting quotient (the per rentable square foot rent) by the number of rentable square feet of the Premises which are Sublet.

E. Executed Counterpart. No Sublet shall be valid nor shall any Subtenant take possession of the Premises until an executed counterpart of the Sublet agreement has been delivered to Landlord.

F. Surrender of Lease. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of

Landlord, terminate all or any existing Sublets, or may, at the option of Landlord, operate as an assignment to it of any or all such Sublets.

G. No Mortgages. Tenant shall not pledge, hypothecate or encumber this Lease or Tenant's interest herein or in the Premises in any manner, including by means of any mortgage, deed of trust, security interest or assignment for security purposes, and any such attempted pledge, hypothecation or encumbrance shall be void and constitute a Default under this Lease.

H. Effect of Default. Notwithstanding any provision of this Paragraph 27 to the contrary, in the event of the occurrence of any uncured Default by Tenant in the performance of any term or condition of this Lease, any right of Tenant at such time to seek to Sublet this Lease pursuant to this Paragraph 27 and any obligations of Landlord to review any proposed Sublet or exercise its rights under Paragraph 27.C. above shall be suspended, and any applicable period for review or action by Landlord shall be tolled, until such Default is folly cured of no force or effect.

I. Permitted Transfers. Notwithstanding anything to the contrary contained in this Lease, Tenant, without Landlord's prior written consent, may sublet the Premises or assign this Lease to: (i) a subsidiary, affiliate, division or entity controlling, controlled by or under common control with Tenant; (ii) a successor entity related to Tenant by merger, acquisition, consolidation, nonbankruptcy reorganization or government action; or (iii) a purchaser of substantially all of Tenant's assets (collectively "Permitted Transferees"); provided Tenant enters into such a transaction in good faith and not for the purpose of indirectly entering into a Sublet of this Lease with a person or entity other than a Permitted Transferee through a step transaction or otherwise. Tenant shall not be required to obtain Landlord's consent thereof, nor shall provisions of Paragraph 27.C. hereof apply; in no event shall such Sublet release Tenant from any liability for the performance of the obligations under this Lease, unless Landlord shall have released Tenant in writing (it being agreed that Landlord has no obligation to do so). Further, the requirements contained in the third and fourth sentences of Paragraph 27.A. shall apply to all such transfers.

28. Sale Lease-Back. Tenant acknowledges that Landlord may, at some time in the future, execute a sale and lease back transaction ("Sale Lease-Back Transaction") in which Landlord would transfer its interest in the Project to a third party, as buyer, and in which such buyer would lease the Project back to Landlord. Tenant agrees that, in the event of any such Sale Lease-Back Transaction, this Lease shall automatically become subordinate to the leasehold interest created by the lease between such buyer and Landlord (the "Master Lease"). In such event, this Lease shall thereafter be a sublease below the Master Lease. Notwithstanding the automatic effect of such subordination, Tenant agrees to execute any documentation reasonably required by such buying party to evidence such subordination. Notwithstanding the foregoing, any such subordination of this Lease shall be subject to the requirement that such buying entity

shall have agreed, in form reasonably acceptable to Tenant, that in the event of any termination of the Master Lease because of the default of Landlord thereunder or because of the consensual agreement of Landlord and such buying party, this Lease shall automatically become a direct lease between such buying party, as landlord, and Tenant, as tenant.

29. Default. A default under this Lease by Tenant shall exist if any of the following events shall occur (as applicable, a "Default"):

(i) If Tenant fails to pay Rent or any other amount required to be paid hereunder within five (5) days after the date of Tenant's receipt of written notice from Landlord that such amount was not received when due; or

(ii) If Tenant fails to perform any term, covenant or condition of this Lease except those requiring the payment of money, and Tenant shall have failed to cure such breach within twenty (20)-days after written notice from Landlord; provided, however, that if such failure is capable of being cured but, by its nature, cannot reasonably be cured within such twenty (20) day period, then Tenant shall not be in Default if Tenant promptly commences the performance of such cure within the twenty (20)-day period and diligently thereafter prosecutes the same to completion, not to exceed an additional ninety (90) days; or

(iii) If Tenant shall have abandoned the Premise; or

(iv) In the event of a general assignment by Tenant for the benefit of creditors; the filing of any voluntary petition in bankruptcy by Tenant or the filing of an involuntary petition by Tenant's creditors, which involuntary petition remains undischarged for thirty (30) days; the employment of a receiver to take possession of substantially all of Tenant's assets or any part of the Premises, if such receivership remains undissolved for thirty (30) days after creation thereof; the attachment, execution or other judicial seizure of all or substantially all of Tenant's assets or any part of the Premises, if such attachment or other seizure remains undismissed or undischarged for thirty (30) days after the levy thereof; the admission by Tenant in writing of its inability to pay its debts as they become due; the filing by Tenant of a petition seeking any reorganization or arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future Applicable Law; the filing by Tenant of an answer admitting or failing timely to contest a material allegation of a petition filed against Tenant in any such proceeding; or, if within thirty (30) days after the commencement of any proceeding against Tenant seeking any reorganization or arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, Applicable Law, such proceeding shall not have been dismissed; or

(v) The occurrence of any other event specifically stated to be a Default under the provisions of this Lease.

Upon a Default, Landlord shall have the following remedies, in addition to all other rights and remedies provided by Applicable Law or otherwise provided in this Lease, to which Landlord may resort cumulatively or in the alternative:

(i) Landlord may continue this Lease in full force and effect, and this Lease shall continue in full force and effect as long as Landlord does not terminate this Lease, and Landlord shall have the right to collect Rent when due. During the period Tenant is in Default, Landlord may enter the Premises and relet it, or any part of it, to third parties for Tenant's account, provided that any Rent in excess of the Monthly Rent due hereunder shall be payable to Landlord. Tenant shall be liable immediately to Landlord for all costs Landlord incurs in reletting the Premises or any part thereof, including broker's commissions, expenses of cleaning and redecorating the Premises required by the reletting and like costs. Reletting may be for a period shorter or longer than the remaining Term of this Lease. No act by Landlord other than giving written notice to Tenant shall terminate this Lease. This remedy is the remedy provided in California Civil Code Section 1951.4, which provides that "The lessor has the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has right to sublet or assign, subject only to reasonable limitations)."

(ii) Landlord may, by written notice, immediately terminate Tenant's right to possession of the Premises at any time and relet the Premises or any part thereof. Acts of maintenance, efforts to relet the Premises or the appointment of a receiver on Landlords initiative to protect Landlord's interest under this Lease shall not constitute a termination of Tenant's right to possession. On termination, Landlord has the right to remove all Tenant's Personal Property and store same at Tenant's cost and to recover from Tenant:

(a) the worth at the time of award of the unpaid Rent which had been earned at the time of termination, together with interest at the Interest Rate;

(b) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided, together with interest at the Interest Rate;

(c) the worth at the time of award of the amount by which unpaid Rent for the balance of the Term after the time of award exceeds the amount of such rental loss for the same period that Tenant proves could be reasonably avoided, discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%);

(d) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including the

following: (i) all expenses for repairing or restoring the Premises, (ii) all brokers' fees, advertising costs and other expenses of repairing or restoring the Premises, (iii) all expenses in retaking possession of the Premises, and (iv) reasonable attorneys' fees and costs, court costs and fees and costs of experts; and

(e) as used in subparagraphs (a) through (c) above, the term "time of award" shall mean the date of entry of a judgment or award against Tenant in an action or proceeding arising out of Tenant's breach of this Lease.

Tenant waives redemption or relief from forfeiture under California Code of Civil Procedure Sections 1174 and 1179, or under any other present or future Applicable Law, in the event Tenant is evicted or Landlord takes possession of the Premises by reason of any Default of Tenant hereunder.

(iii) Landlord may, with or without terminating this Lease, re-enter the Premises and remove all persons and property from the Premises; such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant. No re-entry or taking possession of the Premises by Landlord pursuant to this Paragraph shall be construed as an election to terminate this Lease unless a written notice of such intention is given to Tenant.

Landlord shall not be deemed to be in default in the performance of any obligation required to be performed by it hereunder unless and until it has failed to perform such obligation within thirty (30) days after receipt of written notice by Tenant to Landlord specifying the nature of such default; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance, then Landlord shall not be deemed to be in default if it shall commence such performance within such thirty (30)-day period and thereafter diligently prosecute the same to completion.

30. Subordination. This Lease is and shall automatically be subject and subordinate to all mortgages and deeds of trust (collectively, "Encumbrance") which may now or hereafter affect the Premises, to the CC&R's and to all renewals, modifications, consolidations, replacements and extensions thereof; provided, however, (i) if the holder or holders of any such Encumbrance ("Holder") shall require that this Lease be prior and superior thereto, then, upon written notice from Holder to Tenant, this Lease shall be automatically prior and superior to the lien of such Encumbrance without regard to the sequence of recordation, and (ii) such subordination is subject to the requirement that such Holder agree not to disturb Tenant's rights under this Lease, so long as Tenant is not in Default under the provisions of this Lease. Within ten (10) days after Landlord or Holder's written request, Tenant shall execute any and all documents requested by Landlord or Holder further to effectuate and evidence such subordination of this Lease to any lien of the Encumbrance or to evidence the Holder's election that this Lease be prior and senior to the Encumbrance. Notwithstanding anything to the contrary set forth in this Paragraph, Tenant hereby attorns and agrees to attorn to the Holder and any

person purchasing or otherwise acquiring the Premises at any sale or other proceeding or pursuant to the exercise of any other rights, powers or remedies under such Encumbrance, which obligation to attorn shall survive any foreclosure of any Encumbrance; and Tenant agrees within ten (10) days after request of Holder or any such other person to execute an attornment agreement recognizing Holder or such other person as Landlord under this Lease and acknowledging that this Lease is and shall remain in full force and effect and binding upon Tenant notwithstanding any foreclosure of such Encumbrance.

31. **Notices**. Every notice to be given by any party to any other party with respect hereto, shall be in writing and shall not be effective for any purpose unless the same shall be delivered to the addressee personally, by a reputable express delivery service, a recognized overnight air courier service, or United States certified mail, return receipt requested, addressed to the respective parties at the addresses set forth in section C.11. of the Information Sheet, or to such other address as either party may from time to time designate by notice to the other given in accordance with this Paragraph. All notices shall be effective (i) when delivered locally by hand or by a reputable express delivery service (ii) one (1) business day after deposit with a recognized overnight air courier service or (iii) five (5) business days after having been sent by certified mail, return receipt requested.

32. **Attorneys' Fees**. In the event either Landlord or Tenant engages an attorney to enforce or interpret the provisions of this Lease (whether or not any action or legal proceeding is ultimately filed), the prevailing party shall be entitled to recover as a part of such action or proceedings, or in a separate action brought for that purpose, reasonable attorneys' fees and costs, court costs and fees and costs of experts, including expert witness fees (and without regard to whether or not such action or proceedings are pursued to judgment).

33. **Estoppel Certificates**. Tenant shall within ten (10) business days following written request by Landlord:

(i) Execute and deliver to Landlord any documents, including estoppel certificates, in the form prepared by Landlord (a) certifying the date of commencement of this Lease, (b) certifying that this Lease is unmodified and in full force and effect or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect, (c) stating the dates to which Rent and any other amounts payable hereunder have been paid and the amount of any unforfeited security deposit then held by Landlord, (d) certifying that no Defaults exist as of such date, or, if there are any Defaults, stating the nature of such Defaults, (e) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord, or, if there are uncured defaults on the part of the Landlord, stating the nature of such uncured defaults, (f) acknowledging that Tenant does not have any claim or right of offset against Landlord (or if Tenant does have any such claim or right of offset, the nature of such claim or right of offset), and (g) setting forth such other matters as may reasonably be requested by Landlord. Tenant's failure to deliver an estoppel certificate

within ten (10) business days after delivery of Landlord's written request therefor shall be conclusive upon Tenant (a) that this Lease is in full force and effect, without modification except as may be represented by Landlord, (b) that there are now no uncured defaults in Landlord's performance, (c) that no Rent has been paid in advance and no security deposit is held by Landlord, (d) that Tenant has no claims or rights of offset against Landlord, (e) that no Defaults then exist, and (f) that such other matters as were set forth in such estoppel certificate as prepared by Landlord are true and correct; provided further, that such failure shall constitute a breach of this Lease and Landlord's remedies shall be as specified in Section 29.

(ii) Deliver to Landlord the current financial statements of Tenant, and financial statements of the two (2) years prior to the current financial statements year, with an opinion of a certified public accountant, including a balance sheet and profit and loss statement for the most recent prior year, all prepared in accordance with generally accepted accounting principles consistently applied. Landlord agrees to maintain any such statements in confidence other than to disclose them to the applicable lender or potential buyer who has requested them, or as may be required by Applicable Law.

34. **Transfer of the Project by Landlord**. In the event of any conveyance of the Project or the Building and assignment by Landlord of this Lease, Landlord shall be and is hereby entirely released from all liability under any and all of its covenants and obligations contained in or derived from this Lease occurring or accruing after the date of the conveyance and assignment, and Tenant agrees to attorn to such transferee, except in the event of a Sale Lease-Back Transaction, in which event this Lease will remain in full force and effect as a sublease between Landlord and Tenant as contemplated in Paragraph 28.

35. **Landlord's Right to Perform Tenant's Covenants**. If Tenant fails to make any payment or perform any other act on its part to be made or performed under this Lease, Landlord after fifteen (15) days' written notice may, but shall not be obligated to, and without waiving or releasing Tenant from any obligation of Tenant under this Lease, make such payment or perform such other act to the extent Landlord may deem desirable, and in connection therewith, pay expenses and employ counsel. All amounts so paid by Landlord and all penalties, interest and costs in connection therewith shall be due and payable by Tenant on the next business day after Landlord's delivery to Tenant of written notice of any such payment by Landlord, together with interest thereon at the Interest Rate from such date to the date of payment by Tenant to Landlord, plus collection costs and reasonable attorneys' fees and costs, court costs and fees and costs of experts. Landlord shall have the same rights and remedies for the nonpayment thereof as in the case of Default in the payment of Rent.

36. **Tenant's Remedy**. The obligations of Landlord under this Lease do not and shall not constitute personal obligations of Landlord or any of Landlord's Agents, and Tenant agrees that it shall look solely to the real estate that is the subject of this Lease and to no other assets of Landlord or Landlord's Agents for satisfaction of any liability that may now or hereafter arise in

respect of this Lease and will not seek recourse against Landlord or Landlord's Agents or any of their personal assets for such satisfaction.

37. **Mortgagee Protection**. If Landlord defaults under this Lease, Tenant shall, if earlier requested by Landlord or any lender with respect to the Project, notify by registered or certified mail to any beneficiary of a deed of trust or mortgagee of a mortgage covering the Premises and offer such beneficiary or mortgagee a reasonable opportunity to cure the default, including time to obtain possession of the Premises by power of sale or a judicial foreclosure, if such should prove necessary to effect a cure.

38. **Brokers**. Tenant warrants and represents that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, except for the broker(s) specified in section C.10. of the Information Sheet, and that it knows of no real estate broker or agent who is or might be entitled to a commission in connection with this Lease. Landlord shall pay any commission or other compensation owing to such specified broker(s) in section C.10. pursuant to their separate written agreement. Tenant agrees to defend, indemnify and hold Landlord and its Agents free and harmless from and against any and all liabilities or expenses, including reasonable attorneys' fees and costs, court costs and fees and costs of experts, arising out of or in connection with claims made by any broker or individual not specified in section C.10. of the Information Sheet for commissions or fees resulting from Tenant's dealings with such other broker or individual.

39. **Acceptance**. Delivery of this Lease, duly executed by Tenant, constitutes an offer to lease the Premises, and under no circumstances shall such delivery be deemed to create an option or reservation to lease the Premises for the benefit of Tenant. This Lease shall only become effective and binding upon full execution hereof by Landlord and delivery of a signed copy to Tenant.

40. **Recording**. Neither party shall record this Lease nor a short form memorandum thereof.

41. **Modifications for Lender**. If, in connection with obtaining financing for the Project, or any portion thereof, Landlord's lender shall request reasonable modifications to this Lease as a condition to such financing, Tenant shall not unreasonably withhold, delay or defer its consent thereto, provided such modifications do not materially adversely affect Tenant's rights hereunder.

42. **Parking**. Tenant shall have the right to park in the Project's parking facilities in common with Landlord's employees and the other tenants of the Building (except for those parking spaces that have been reserved for Landlord, other tenants of the Project, disabled parking and certain parking spaces designated for Landlord's company vehicles and contractor vehicles) upon terms and conditions, as may from time to time be reasonably established by Landlord and in accordance with any parking control or monitoring devices from time to time

installed or implemented by Landlord. Tenant shall not overburden the parking facilities and shall not use more than three (3) non-reserved, non-designated parking spaces per one thousand (1,000) rentable square feet of the Premises. Tenant also agrees to cooperate with Landlord and other tenants in the use of the parking facilities. Landlord reserves the right, in its discretion, to allocate and assign parking spaces among Tenant and the other tenants or to restrict the use of certain parking spaces for certain tenants and to install or otherwise implement parking control or monitoring devices for the parking facilities. Tenant shall establish and maintain during the Term hereof a program to encourage maximum use of public transportation by personnel of Tenant employed on the Premises, including the distribution to such employees of written materials explaining the convenience and availability of public transportation facilities adjacent or proximate to the Building, staggering working hours of employees, and encouraging use of such facilities, all at Tenant's sole reasonable cost and expense. Tenant agrees to comply with any lawful regulation or ordinance of the City of Menlo Park or the County of San Mateo respecting transportation management in those jurisdictions, related to the conduct of Tenant's business within the Premises.

43. **Use of Property Name Prohibited**. Tenant shall not employ the term "149 Commonwealth Drive" in the name or title of its business or occupation without Landlord's prior written consent.

44. **Interest**. Any Rent or other amount not paid by Tenant to Landlord when due hereunder shall bear interest at the lesser of (i) the rate of eight percent (8%) per annum or (ii) the maximum rate permitted by Applicable Law (with such rate of interest sometimes referred to herein as the "Interest Rate") from the date due until paid.

45. **Quitclaim**. Upon any termination of this Lease, Tenant, at Landlord's request, shall execute, have acknowledged and deliver to Landlord a quitclaim deed for all Tenant's interest in the Project.

46. **Access Control**.

A. **Access Control Badges**. One active badge, and only one, will be issued to each employee, agent, consultant, contractor, or vendor, over the age of sixteen (16), of Tenant at any given time. All lost or stolen badges must be reported immediately (and, in any event, prior to 5:00 p.m., Pacific Time, on the day lost or stolen) to Landlord to be canceled by Landlord. Tenant shall inform Landlord immediately (and, in any event, prior to 5:00 p.m., Pacific Time, on the day of such termination) upon Tenant's termination of any employee of Tenant, so that Landlord may cause such employee's badge to be canceled.

B. **Access Control Guard Tours**. Landlord shall cause periodic, routine tours of the space occupied by Tenant to be conducted from 4:30 p.m. to 8:30 a.m. during normal work days and 24 hours a day on Saturdays, Sundays and holidays observed by Landlord. The purpose of these tours will be to observe and address the following abnormal conditions: (a)

unlocked exterior and interior doors, (b) extreme temperature conditions, (c) unattended coffee pots and appliances in the 'on' position, and (d) unbadged persons on the Premises.

C. Emergency Contact List. Tenant agrees, from time to time, to provide a current "emergency contact list" to Landlord for Landlord's use in the event of an emergency in the space occupied by Tenant.

D. Miscellaneous Access Control. Tenant agrees to assist Landlord in maintaining Access Control for the entire Project. This includes but is not limited to: (a) ensuring that all employees, consultants, contractors, vendors, and agents are appropriately badged and/or escorted, (b) returning badges of terminated employees to Landlord to be deleted from the access control badge system, (c) notifying Landlord immediately of lost or missing badges, (d) ensuring that access control badges are only used by those authorized persons to whom they are issued and that badges are not loaned to anyone under any circumstances, and (e) instructing all Tenant's Agents to maintain in confidence any sensitive information overheard from any employees or representatives of Landlord or any other tenant in the Building while in the Outside Area. Tenant acknowledges and agrees that the Access Control services provided herein are not a guaranty against criminal activity and that Landlord assumes no liability in the event of any breach of such Access Control measures.

E. Costs of Services. All costs of services provided by Landlord under this Paragraph 46 shall be included in Operating Expenses under Paragraph 15.B.

47. Intentionally Omitted.

48. Reservations and Prohibitions.

A. Landlord Reservations. Landlord shall have the following rights:

(i) To change the name, address or title of the Project or Building upon not less than ninety (90) days' prior written notice;

(ii) To, at Tenant's expense, provide and install Building standard graphics on the door of the Premises and such portions of the Outside Area as Landlord shall reasonably deem appropriate;

(iii) To permit any tenant the exclusive right to conduct any business as long as such exclusive right does not conflict with any rights expressly given to Tenant herein; and

(iv) To place such signs, notices or displays as Landlord reasonably deems necessary or advisable upon the roof, exterior of the Building or the Project or on pole signs in the Outside Area.

B. Tenant Prohibitions. Tenant shall not:

(i) Use a representation (photographic or otherwise) of the Building or the Project or their name(s) in connection with Tenant's business; or

(ii) suffer or permit anyone to go upon the roof of the Building.

49. General.

A. Captions. The captions and headings used in this Lease are for the purpose of convenience only and shall not be construed to limit or extend the meaning of any part of this Lease.

B. Executed Copy. Any fully executed copy of this Lease shall be deemed an original for all purposes.

C. Time. Time is of the essence for the performance and observance of each term, covenant and condition of this Lease.

D. Severability. If one or more of the provisions contained herein, except for the payment of Rent, is for any reason held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Lease, but this Lease shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

E. Choice of Law. This Lease shall be construed and enforced in accordance with the laws of the State of California, without regard to conflict of laws principles. The language in all parts of this Lease shall in all cases be construed as a whole according to its fair meaning and not strictly for or against either Landlord or Tenant.

F. Interpretation. When the context of this Lease requires, the neuter gender includes the masculine, the feminine, a partnership, limited liability company, corporation or joint venture, and the singular includes the plural. The term "including" shall be deemed to mean "including, but not by way of limitation" and the term "or" has the inclusive meaning represented by the term "and/or."

G. No Effect of Remeasurement. The statements of rentable square footage set forth in this Lease are for the convenience of the parties, and no adjustment shall be made to rental amounts, load factors or Tenant's Building Percentage if such square footage is later shown to be inaccurate.

H. Binding Effect. The covenants and agreement contained in this Lease shall be binding on the parties hereto and on their respective successors and assigns to the extent this Lease is assignable.

I. Waiver. The waiver by Landlord or Tenant of any breach of any term, covenant or condition of this Lease shall not be deemed to be a waiver of such provision or any subsequent breach of the same or any other term, covenant or condition of this Lease. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach at the time of acceptance of such payment. No term, covenant or condition of this Lease shall be deemed to have been waived by Landlord or Tenant unless the waiver is in writing signed by Landlord or Tenant, as applicable.

J. Entire Agreement. This Lease, including the Information Sheet and all exhibits to this Lease, is the entire agreement between the parties, and there are no agreements or representations between the parties except as expressed herein. Except as otherwise provided herein, no subsequent change or addition to this Lease shall be binding unless in writing and signed by the parties hereto.

K. Authority. If Tenant is an entity, each individual executing this Lease on behalf of such entity, represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of the entity in accordance with its governing documents, and that this Lease is binding upon the entity in accordance with its terms. Landlord, at its option, may require a copy of such written authorization to enter this Lease. The failure of Tenant to deliver the same to Landlord within fifteen (15) days of Landlord's request therefor shall be deemed a Default under this Lease.

L. Exhibits. All exhibits, amendments, riders and addenda attached hereto are hereby incorporated herein and made a part hereof.

M. Receptionist. During the Term, Landlord shall provide receptionist services for the express purposes of greeting, signing, and announcing visitors only in the lobby of the Building during normal business hours.

N. Counterparts. This Lease may be executed in counterparts, each of which shall be an original, but all counterparts shall constitute one (1) instrument.

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THIS LEASE, executed as of the date(s) set forth below, is effective as of the Effective Date set forth in section B of the Information Sheet.

TENANT:

Corcept Therapeutics, a Delaware corporation

Date: March 9, 2016 By: /s/ CHARLES ROBB
Its: Chief Financial Officer

LANDLORD:

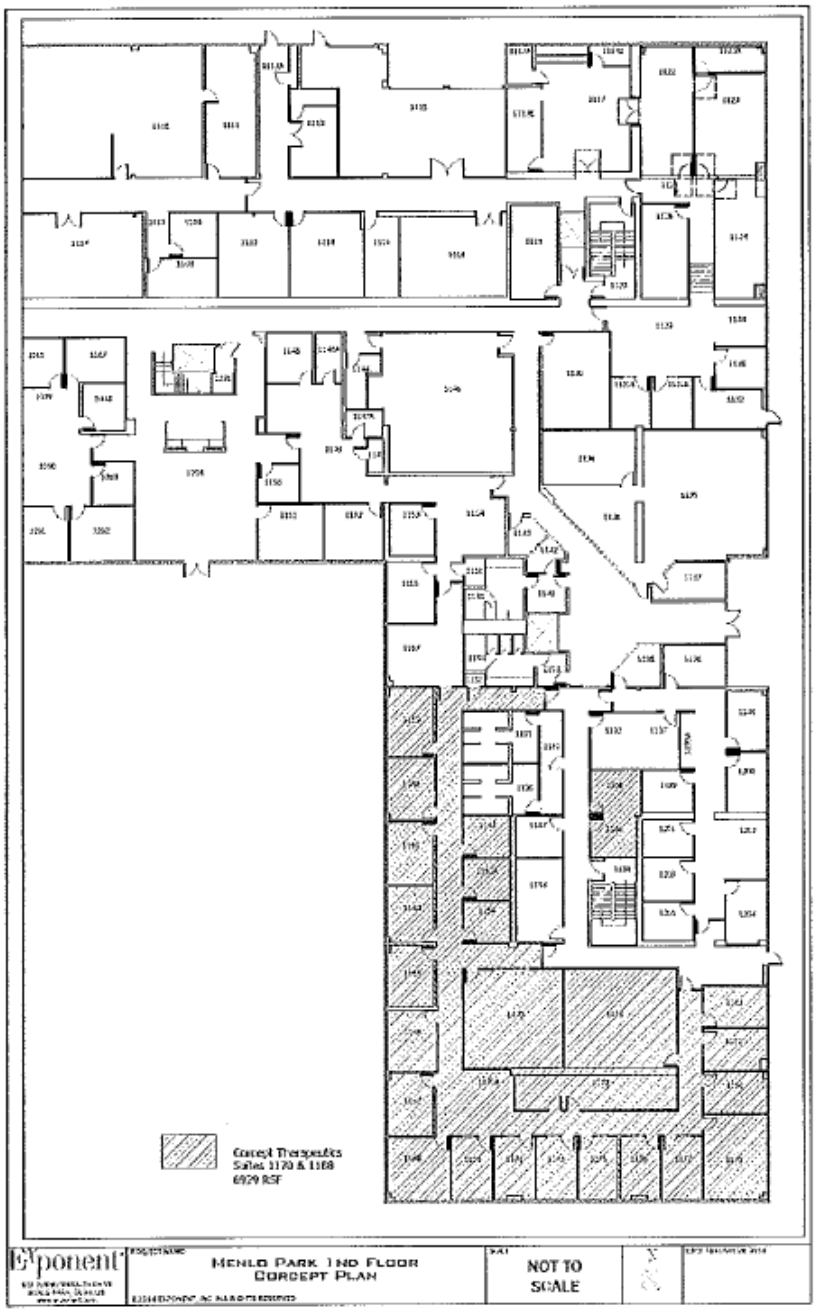
EXPONENT REALTY, L.L.C.,
a Delaware limited liability company

By: Exponent, Inc., a Delaware corporation, sole member and manager

Date: March 10, 2016 By: /s/ RICHARD L. SCHLENKER
Richard L. Schlenker

Chief Financial Officer

EXHIBIT A
PREMISES



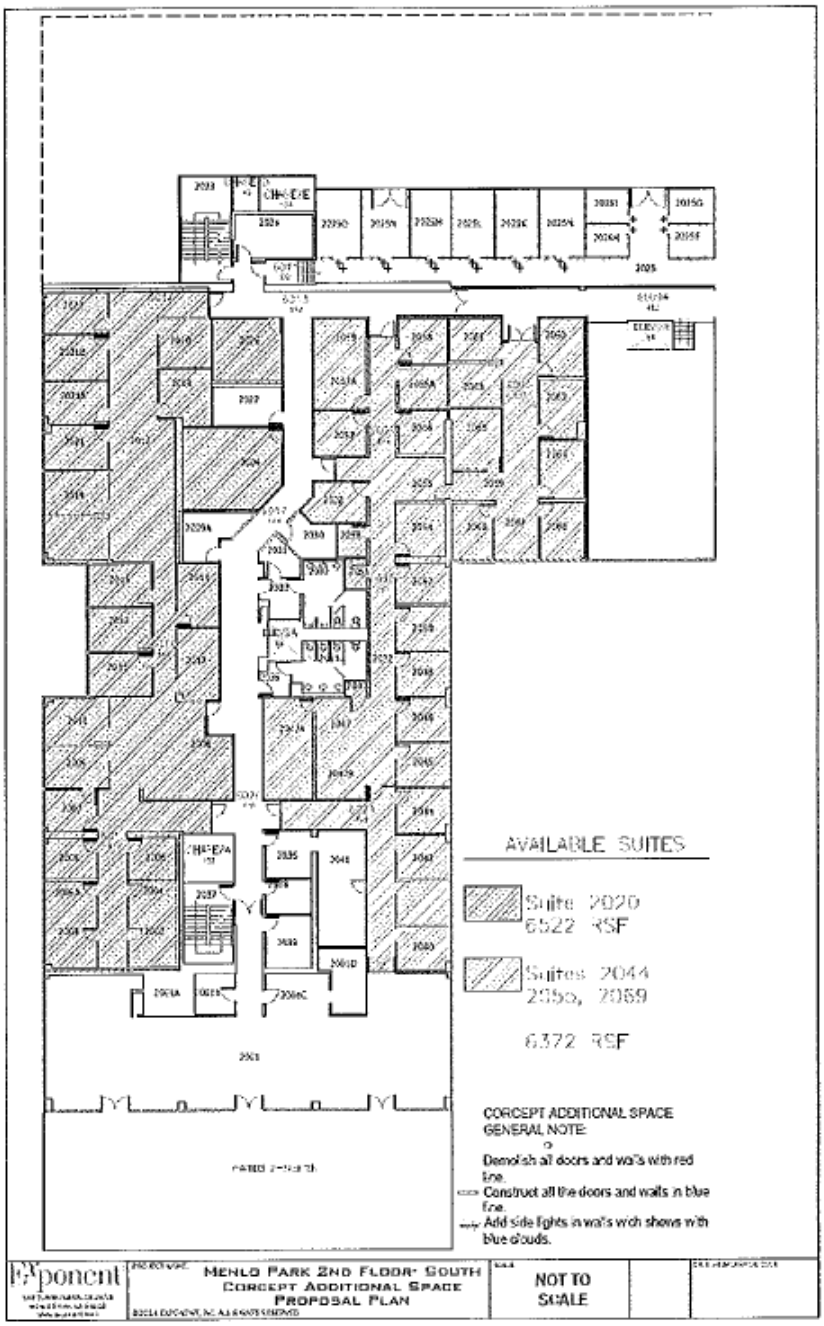

AVAILABLE SUITES
Suite 2020
6522 RSF
Suites 2044
2050, 2069
6372 RSF
CONCEPT ADDITIONAL SPACE
GENERAL NOTE:
Demolish all doors and walls with red line.
Construct all the doors and walls in blue line.
Add side lights in walls which shows with blue clouds.
Eponent
MENLO PARK 2ND FLOOR- SOUTH
CONCEPT ADDITIONAL SPACE
PROPOSAL PLAN
NOT TO SCALE

EXHIBIT B
PROPERTY

That certain land, together with all improvements thereon and all appurtenances thereto, located in the City of Menlo Park, County of San Mateo, State of California, described as follows:

PARCEL ONE:

PARCEL “A”, AS DESIGNATED ON THAT CERTAIN MAP ENTITLED, “PARCEL MAP, RESUBDIVISION OF PARCEL 1 (VOL. 27 P.M., PG. 39) AND PARCEL ONE (VOL. 33 P.M., PGS. 45 & 46) BOHANNON INDUSTRIAL PARK, MENLO PARK, SAN MATEO COUNTY, CALIFORNIA”, WHICH MAP WAS FILED FEBRUARY 28, 1986, IN VOLUME 57 OF PARCEL MAPS, AT PAGES 13 AND 14 IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO.

PARCEL TWO:

AN EASEMENT FOR THE CONSTRUCTION, MAINTENANCE AND REPAIR OF A STORM SEWER OVER A 10-FOOT WIDE STRIP LYING EQUALLY ON BOTH SIDES OF THE FOLLOWING DESCRIBED CENTERLINE:

BEGINNING AT A POINT ON THE NORTHWESTERLY LINE OF PARCEL “B”, AS SAID PARCEL IS DESIGNATED ON THAT CERTAIN MAP ENTITLED, “PARCEL MAP, RESUBDIVISION OF PARCEL 1 (VOL. 27 P.M., PG. 39) AND PARCEL ONE (VOL. 33 P.M., PGS. 45 & 46) BOHANNON INDUSTRIAL PARK, MENLO PARK, SAN MATEO COUNTY, CALIFORNIA” WHICH MAP WAS FILED FEBRUARY 28, 1986, IN VOLUME 57 OF PARCEL MAPS, AT PAGES 13 AND 14, IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, SAID POINT OF BEGINNING BEARING SOUTH 36° 17, 50” WEST 46.00 FEET FROM THE NORTHERLY CORNER OF SAID PARCEL “B” THENCE FROM SAID POINT OF BEGINNING SOUTH 78° 45, EAST 89.00 FEET; THENCE NORTH lº 48’ 12” WEST 25.27 FEET TO A POINT ON THE NORTHEASTERLY LINE OF SAID PARCEL “B” AND THE TERMINUS OF SAID EASEMENT, SAID POINT BEARING SOUTH 63° 47’ EAST 66.06 FEET FROM THE NORTHERLY CORNER OF SAID PARCEL “B”.

SAID EASEMENT SO GRANTED IS TO BE APPURTENANT TO AND FOR THE BENEFIT AND USE OF THE LANDS OF THE GRANTEE AND ANY SUBSEQUENT SUBDIVISIONS THEREOF.

ASSESSOR’S PARCEL NO. 055-243-230 JOINT PLANT NO. 055-024-000-73A

EXHIBIT C
TENANT IMPROVEMENTS

WORK LETTER

Landlord and Tenant agree as follows:

1. Landlord shall construct the Tenant Improvements within the Premises substantially in accordance with the plans and specifications approved by the Tenant (the "Plans"), which are attached hereto as EXHIBIT C-l. It is agreed that construction of the Tenant Improvements will be completed at Landlord's sole cost and expense (in no event to exceed the Maximum Amount, and subject to the provisions of Section 4 below) using Landlord's Building standard methods, materials and finishes. Landlord and Tenant agree that Landlord's obligation to pay for the cost of the Tenant Improvements (inclusive of the cost of preparing Plans, obtaining permits, a construction management fee equal to three percent (3%) of the total construction costs, and other related costs) shall be limited to one hundred ten thousand dollars ($110,000.00) (the "Maximum Amount") and that Tenant shall be responsible for the cost of the Tenant Improvements, plus any applicable state sales or use tax, if any, to the extent that it exceeds the Maximum Amount due only to a change order requested and approved by the Tenant. In no event shall the allowance be used for the purchase of equipment, furniture, data cabling and systems or other items of personal property of Tenant. Landlord shall enter into a direct contract for the Tenant Improvements with the general contractor selected by Landlord. In addition, Landlord shall have the right to select and/or approve any subcontractors used in connection with the Tenant Improvements. Landlord's supervision or performance of any work for or on behalf of Tenant shall not be deemed a representation or warranty by Landlord that such Plans, or the revisions thereto, comply with applicable insurance requirements or Applicable Law, or that the improvements constructed in accordance with the Plans or any revisions thereto will be adequate for Tenant's use, it being agreed that Tenant shall be responsible for all elements of the design of the Plans (including compliance with Applicable Law, functionality of design, the structural integrity of the design, the configuration of the Premises and the placement of Tenant's furniture, appliances and equipment).

2. Following completion of the Tenant Improvements, upon written notice from Tenant to Landlord (the "Election Notice") delivered on or before April 1, 2016 (the "Outside Date"), Tenant shall be entitled to utilize any unused portion of the Tenant Improvement Allowance (the "Available Unused Allowance") as a credit against the Base Rent for the premises. In no event shall the aggregate of any reimbursement hereunder and any Base Rent reimbursement exceed the Available Unused Allowance. Any portion of the Tenant Improvement Allowance utilized by Tenant as a Base Rent credit shall not exceed a sum greater than fifty percent (50%) of the Base Rent in any given month and shall be applied to the next Base Rent due under the Lease. If Tenant fails to deliver an Election Notice with respect to any Available Unused Allowance or if Tenant otherwise fails to utilize any portion of the Tenant Improvement

Allowance under this Section 2 (with any Base Rent credit hereunder having been fully applied), in all events prior to the Outside Date, any such unused portions of the Tenant Improvement Allowance shall revert to become the sole property of Landlord, and Tenant shall have no further rights there.

2. If Tenant shall request any revisions to the Plans that are not substantially in accordance with the Plans, Landlord shall have such revisions prepared at Tenant's sole cost and expense, and Tenant shall reimburse Landlord for the cost of preparing any such revisions to the Plans borne by Landlord, plus any applicable state sales or use tax thereon, upon demand. Promptly upon completion of the revisions, Landlord shall notify Tenant in writing of the increased cost in the Tenant Improvements, if any, resulting from such revisions to the Plans. Tenant, within three (3) business days after such notification from Landlord, shall notify Landlord in writing whether it desires to proceed with such revisions. In the absence of such timely written authorization, Landlord shall have the option to continue work on the Premises disregarding the requested revision. Tenant shall be responsible for any actual delay in completion of the Premises resulting from any Tenant Delays (as defined below). If such revisions result in an increase in the cost of the Tenant Improvements, such increased costs, plus any applicable state sales or use tax thereon, shall be payable by Tenant upon demand. Notwithstanding anything herein to the contrary, all revisions to the Plans shall be subject to the approval of Landlord, but Tenant acknowledges that Landlord's review of the Plans and any revisions thereto is solely for Landlord's internal purposes and shall not be or be understood to be a representation or warranty that such Plans or the revisions thereto comply with applicable insurance requirements or Applicable Law, or that the improvements constructed in accordance with the Plans or any revisions thereto will be adequate for Tenant's use, it being agreed that Tenant shall be responsible for all elements of the design of the Plans (including compliance with Applicable Law, functionality of design, the structural integrity of the design, the configuration of the Premises and the placement of Tenant's furniture, appliances and equipment).

3. All necessary construction shall be commenced promptly and shall be substantially completed in accordance with the Plans; provided, however, that the time for substantial completion shall be extended for additional periods of time equal to the time lost by Landlord or Landlord's contractors, subcontractors or suppliers due to strikes or other labor troubles, governmental restrictions and limitations, acts of terrorism, riots, scarcity, unavailability or delays in obtaining government approvals or permits, fuel, labor or material, war or other national emergency, accidents, floods or defective materials, fire damage or other casualties, weather conditions or any cause similar or dissimilar to the foregoing beyond the reasonable control of Landlord or Landlord's contractors, subcontractors, or suppliers or Tenant Delays (collectively, "Unavoidable Delays").

4. Each of the following shall constitute a "Tenant Delay" (collectively, "Tenant Delays")

(a) Delays caused by any delay in Tenant's delivering the Plans to Landlord, Tenant's revisions to the Plans.

(b) Tenant's failure to furnish approvals or requests for modification within three (3) business days after receipt from Landlord.

(c) Delays in furnishing materials, services, supplies, labor or components caused by the Tenant or Tenant's preferred vendor.

(d) Delays caused by the performance of any work or activity in the Premises by Tenant or any of its employees, agents, or contractors.

5. In constructing the Tenant Improvements, Landlord may (a) make substitutions of material or components of equivalent grade and quality when and if any specified material or component shall not be readily or reasonably available, and (b) make changes to the work necessitated by conditions met in the course of construction, provided that if any change noted in (a) or (b) above is material and substantial in nature, then Tenant's approval of such change shall first be obtained (which approval shall not be unreasonably withheld or delayed).

6. Landlord's Contractor.

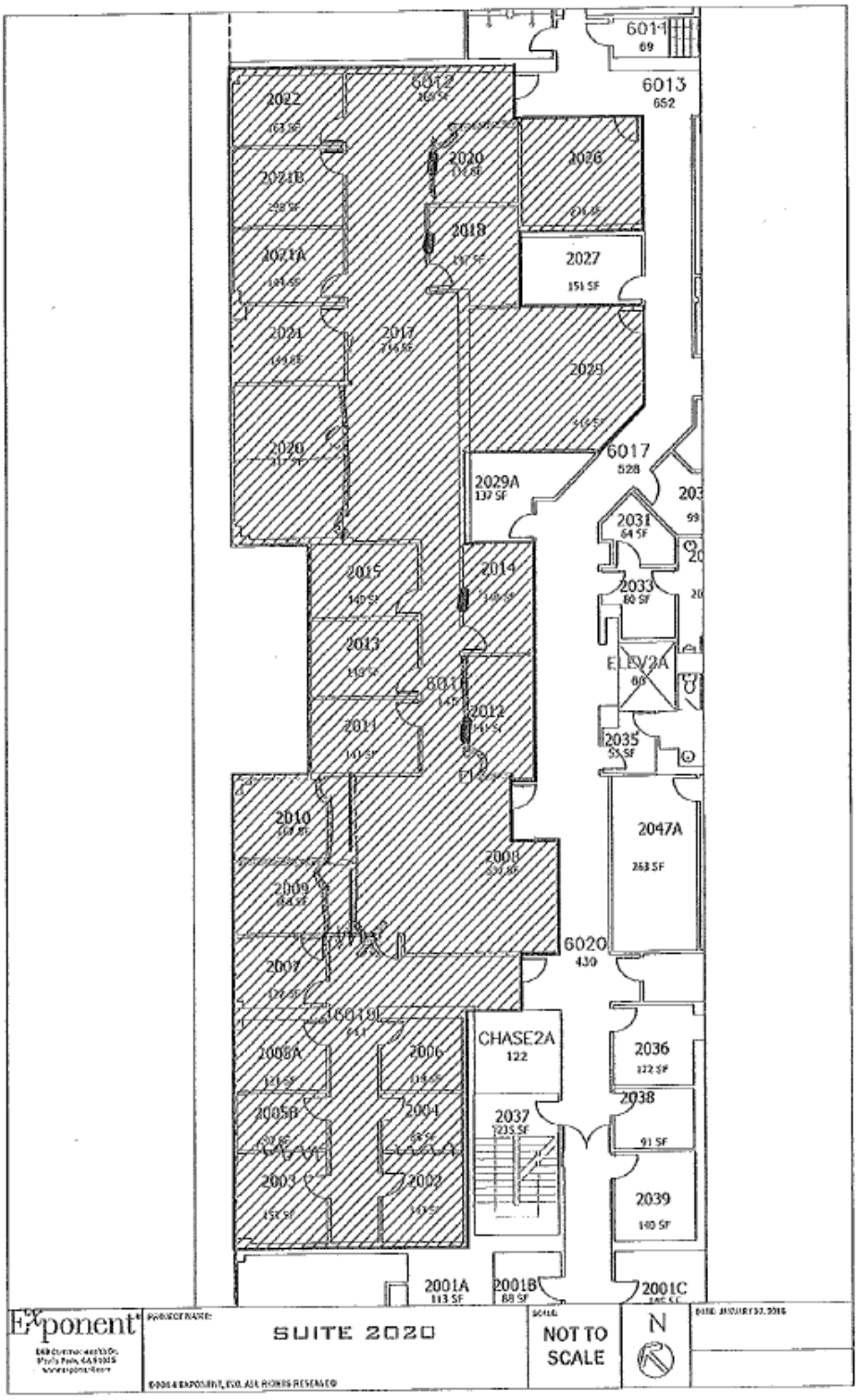
(a) Landlord's construction of the Tenant Improvement shall be performed by a licensed contractor selected by Landlord.

(b) With respect to the Tenant Improvements, the term "substantial completion" or "substantially complete", shall mean the date when the following has occurred: the Tenant Improvements have been completed to the state that will allow Tenant to use the Premises for its intended purposes in compliance with Applicable Law, without material interference to or impairment of Tenant's business activities by reason of any item of work remaining to be done to effect full completion of the Tenant Improvements.

7. Landlord shall make commercially reasonable efforts to cause the Substantial Completion of the Tenant Improvements by March 31, 2016.

8. Tenant, at Tenant's sole cost and expense, shall be allowed to install, PRIOR TO THE DATE OF SUBSTANTIAL COMPLETION, any and all data, telecommunications, and Access Control systems, including all wiring, so long as the installation does not delay or unreasonably interfere with Landlord's contractors. All work done by Tenant shall be performed by Landlord's contractor or contractors approved by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. Tenant may install Tenant's furniture and fixtures prior to the Commencement Date so long as Tenant does not unreasonably interfere with Landlord's contractors. Tenant and Tenant's contractors shall provide certificates of insurance that are reasonably acceptable to Landlord prior to first entry to Premises.

9. The Tenant Improvements shall be constructed in accordance with the Plans attached hereto as Exhibit C-l, subject to any changes as may be agreed to by Landlord and Tenant, and in compliance with Applicable Law, in a good and workmanlike manner, free of defects and using materials and equipment of good quality. Tenant shall have the right to enter the Premises and inspect the construction of the Tenant Improvements. Notwithstanding anything to the contrary contained herein or in the Lease, within thirty (30) days, if at all, following the date of Tenant's acceptance of the Premises, Tenant shall deliver a written "punch list" with respect to the Tenant Improvements to Landlord setting forth any and all deviations from the Plans in the Tenant Improvements, and Landlord shall repair any deviations set forth in such "punch list" as soon as practicable thereafter.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SUITE 2020
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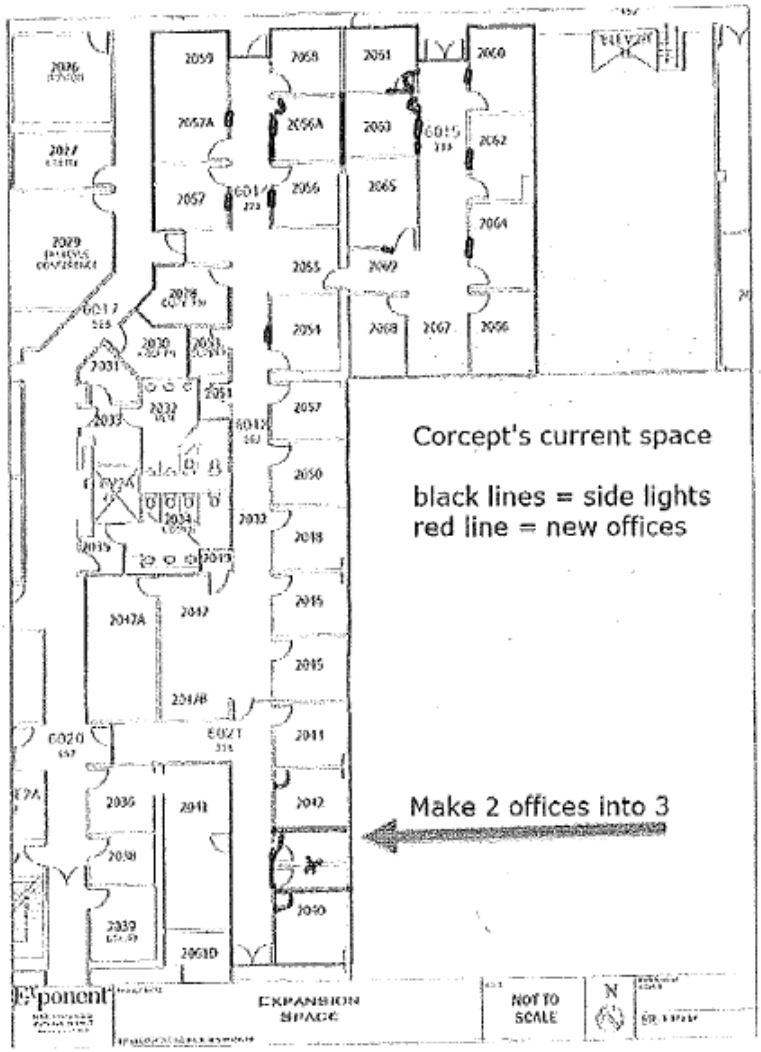

Corcept's current space
black lines = side lights
red line = new offices
Make 2 offices into 3
EXPANSION SPACE
NOT TO SCALE
N

EXHIBIT D
COMMENCEMENT DATE MEMORANDUM

LANDLORD: EXPONENT REALTY, LLC, a Delaware limited liability company

TENANT: Corcept Therapeutics, a Delaware corporation

COMMENCEMENT
DATE: April 1, 2016

EXPIRATION DATE: March 31, 2019

PREMISES: 149 Commonwealth Drive,
Suites 1170, 2020, 2044, 2055, 2069 and rooms 1186 and 1188, Menlo Park, California 94025

20,831 RENTABLE SQUARE FEET			
Period	Base Rent per RSF per year	Monthly Amount	Periodic Amount
04/01/2016 to 12/31/2016	$38.40	$66,659.20	$599,932.80
01/01/2017 to 12/31/2017	$45.00	$78,116.25	$937,395.00
01/01/2018 to 03/31/2019	$53.52	$92,906.26	$1,393,593.90

Pursuant to Paragraph 4.C. of the above-referenced Lease, the Commencement Date and Expiration Date are hereby established as set forth above

TENANT:

Corcept Therapeutics, Incorporated
A Delaware corporation

By: /s/ CHARLES ROBB
Charles Robb

Its: Chief Financial Officer

LANDLORD:

EXPONENT REALITY, LLC A Delaware limited liability company

By: Exponent, Inc. a Delaware corporation sole member and manager

By: /s/ RICHARD L. SCHLENKER
Richard L. Schlenker

Chief Financial Officer &
Executive Vice President

EXHIBIT E

RULES AND REGULATIONS

149 COMMONWEALTH DRIVE
RULES AND REGULATIONS

1. No sign, placard, advertisement, name or notice shall be installed or displayed on any part of the outside or the inside of the Building without the prior written consent of Landlord. Landlord shall have the right to remove, at Tenant's expense and without notice, any sign installed or displayed in violation of this rule. All approved signs or lettering on doors and walls shall be printed, painted, affixed or inscribed at the expense of Tenant by a person or company approved by Landlord.

2. Except as consented to in writing by Landlord or in accordance with Building standards, no draperies, curtains, blinds, shades, screens or other devices shall be hung at or used in connection with any window or exterior door or doors of the Premises. No awning shall be permitted on any part of the Premises. Tenant shall not place anything against or near glass partitions, doors or windows, which may appear unsightly from outside the Premises.

3. Tenant shall not obstruct any sidewalks, halls, lobbies, passages, exits, entrances, elevators or stairways of the Building. No employee or invitee of Tenant shall go up on the roof of the Building or make any roof or terrace penetrations without the prior written consent of Landlord. Tenant shall not allow anything to be placed on the outside terraces or balconies without the prior written consent of Landlord.

4. All cleaning and janitorial services for the Building shall be provided exclusively through Landlord, and, except with the prior written consent of Landlord, no person or persons other than those approved by Landlord shall be employed by Tenant or permitted to enter the Building for the purpose of cleaning. Tenant shall not cause any unnecessary labor by carelessness or indifference to the good order and cleanliness of the Premises. Landlord shall not in any way be responsible to any Tenant for any loss of property on the Premises, however occurring, or for any damage to any Tenant's property by the janitor or any other employee or person.

5. Landlord will furnish Tenant, free of charge, with one (1) key to all existing locks on interior doors in the Premises. Landlord will impose a reasonable charge per Landlord's published price list for all additional keys, new locksets, and all other locksmithing services. Tenant shall not make or have made additional keys, other than those made by landlord's Locksmith, and Tenant shall not alter any lock or install a new additional lock or bolt on any door of its Premises without Landlord's prior written consent. Tenant shall

deliver to Landlord, upon the termination of its tenancy, the keys to all locks for doors on the Premises, and in the event of loss of any keys furnished at no charge by Landlord, shall pay Landlord therefor.

6. If Tenant requires telegraphic, telephonic, internet, burglar alarm or similar services, it shall first obtain Landlord's prior written approval, and comply with, Landlord's instructions for their installation.

7. The elevators shall be available for use by all tenants in the Building, subject to reasonable scheduling as Landlord in its discretion shall deem appropriate. No equipment, materials, furniture, packages, supplies, merchandise or other property will be received in the Building or carried in the elevators except between the hours, and in the manner and in the elevators as may be designated by Landlord.

8. Tenant shall not place a load upon any floor of the Premises which exceeds the maximum load per square foot which the floor was designed to carry and which is allowed by Applicable Law. Tenant's business machines and mechanical equipment which cause noise or vibration which may be transmitted to the structure of the Building or to any space therein, and which is objectionable to Landlord or to any tenants in the Building, shall be placed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate noise or vibration.

9. Tenant shall not use or keep on the Premises any toxic or hazardous materials or any kerosene, gasoline or inflammable or combustible fluid or material other than those limited quantities necessary for the operation or maintenance of office equipment. Tenant shall not use or permit to be used in the Premises any foul or noxious gas or substance, or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors or vibrations.

10. Smoking is prohibited on the Property at all times with the exception of any Landlord designated smoking areas. Smoking is prohibited along any path way or walk way leading to or from the designated smoking areas, in the courtyard area, on the patios, near all building entrances or exits, perimeter of the buildings and surrounding parking lots. Extinguishing or disposing of tobacco materials in places other than designated areas is strictly prohibited. Tenant employees, visitors, contractors, and invitees may smoke in their personal vehicles on property, but tobacco products must be contained within the vehicle or discarded in appropriate ash receptacles in Landlord designated smoking areas. Landlord reserves the right to change, relocate, or eliminate designated smoking areas at any time.

11. No animal, except service and assistance dogs when in the company of their master, may be brought into or kept in the Building.

12. Bicycles are not permitted inside the building. Bicycle racks are provided on north and south side employee entrances.

13. Tenant shall not use any method of heating or air-conditioning other than that supplied by Landlord, unless Tenant receives the prior written consent of Landlord.

14. Tenant shall cooperate fully with Landlord to assure the most effective operation of the Building's heating and air-conditioning and to comply with any governmental energy-saving Applicable Law of which Tenant has actual notice.

15. Landlord reserves the right, exercisable without notice and without liability to Tenant, to change the name and street address of the Building.

16. Landlord reserves the right to exclude any person from the Building between the hours of 6:00 p.m. and 7:00 a.m. the following day, or any other hours as may be established from time to time by Landlord, and on Saturdays, Sundays and legal holidays, unless that person is known to the person or employee in charge of the Building and has a pass or is properly identified. Tenant shall be responsible for all persons for whom it requests passes and shall be liable to Landlord for all acts of those persons. Access control badges will not be issued to persons under the age of sixteen (16) years of age. All persons under the age of sixteen (16) must be escorted by a person with an authorized access control badge at all times. Landlord shall not be liable for damages for any error in admitting or excluding any person from the Building. Landlord reserves the right to prevent access to the Building by closing the doors or by other appropriate action in case of invasion, mob, riot, public excitement, union strikes, picketing, or other commotion.

17. Tenant shall close and lock the doors of its Premises, shut off all water faucets or other water apparatus and turn off all lights and other equipment, which is not required to be continuously run. Tenant shall be responsible for any damage or injuries sustained by other tenants or occupants of the Building or Landlord for noncompliance with this Rule.

18. The toilet rooms, toilets, urinals, showers, wash bowls, water fountains and other apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be placed therein. The expense of any breakage, stoppage or damage resulting from any violation of this rule shall be borne by the tenant who, or whose employees or invitees, shall have caused it.

19. Tenant shall not install any radio or television antenna, loudspeaker, ceiling paging speakers, or other device on the roof, ceiling, or interior/exterior walls of the Building. Tenant shall not interfere with radio or television broadcasting or reception from or in the Building or elsewhere.

20. Tenant shall not install any wireless telephone or network equipment that shall interfere with Building systems or Landlord and other Tenant equipment systems.

21. Tenant shall not cut or bore holes for wires in the partitions, woodwork, ceiling, or gypsum wall of the Premises without prior consent of Landlord. Tenant shall not affix any floor covering to the floor of the Premises in any manner except as approved by Landlord. Tenant shall repair, or be responsible for the cost of repair of any damage resulting from noncompliance with this Rule.

22. Tenant shall not install, maintain or operate upon the Premises any vending machine without the prior written consent of Landlord.

23. Canvassing, soliciting and distributing handbills or any other written material and or peddling in the Building are prohibited, and each tenant shall cooperate to prevent these activities.

24. Landlord reserves the right to exclude or expel from the Building any person who, in Landlord's judgment, is intoxicated or under the influence of liquor or drugs or who is in violation of any of the Rules and Regulations of the Building,

25. Tenant shall store all its trash and garbage within its Premises. Tenant shall not place in any trash box or receptacle any material which cannot be disposed of in the ordinary and customary manner of trash and garbage disposal within the Building. All garbage and refuse disposal shall be made in accordance with directions issued from time to time by Landlord.

26. Use by Tenant for brewing coffee, tea, hot chocolate and similar beverages and microwaving food shall be permitted, provided that the equipment is approved by Underwriter's Laboratory for commercial use and is in accordance with Applicable Law.

27. Tenant shall not use the name of the Building in connection with or in promoting or advertising the business of Tenant, except as Tenant's address, without the prior written consent of Landlord.

28. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency. Tenant shall be responsible for reimbursement to Landlord, any increased insurance premiums attributable to Tenant's use of the Premises, Building or Property.

29. Tenant assumes any and all responsibility for protecting its Premises from theft and robbery, which responsibility includes keeping doors locked and other means of entry to the Premises closed.

30. Tenant shall not use the Premises, or suffer or permit anything to be done on, in or about the Premises, which may result in an increase to Landlord in the cost of insurance maintained by Landlord on the Project.

31. Tenant's requests for assistance will be attended to only upon appropriate application to Landlord. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instructions from Landlord, and no employee of Landlord will admit any person (Tenant or otherwise) to any office without specific instructions or approval from Landlord.

32. Tenant shall comply with all parking monitoring controls or devices from time to time installed or otherwise implemented by Landlord. Tenant shall not park its vehicles in any parking areas designated by Landlord as areas for parking by visitors to the Building or other reserved parking spaces. Tenant shall not leave vehicles in the Building parking areas overnight without the prior written consent of Landlord's manager for the Property, nor park any vehicles in the Building parking areas other than automobiles, motorcycles, motor driven or non-motor driven bicycles or four-wheeled trucks. Tenant, its agents, employees and invitees shall not park more than one (1) vehicle in more than one (1) parking space.

33. The scheduling and manner of all Tenant move-ins and move-outs shall be subject to the discretion and approval of Landlord. Landlord shall have the right to approve or disapprove the movers or moving company employed by Tenant, and Tenant shall cause the movers to use only the entry doors and elevators designated by Landlord. Tenant's movers MUST utilize appropriate corner protectors, elevator pads, elevator corner guards, and floor protection such as masonite for ALL floors in the path of move. If Tenant's movers damage the elevator or any other part of the Property, Tenant shall pay to Landlord the amounts required to repair the damage. Tenant shall maintain effective Access Control at all access points to and from the Building to ensure that moving personnel or other non-invitees entering and leaving the Building do not commit theft.

34. Landlord may waive any one or more of these Rules and Regulations for the benefit of Tenant or any other tenant, but no waiver by Landlord shall be construed as a waiver of the Rules and Regulations in favor of Tenant or any other tenant, nor prevent Landlord from thereafter enforcing the Rules and Regulations against any or all of the tenants of the Building.

35. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of any lease of premises in the Building.

36. Landlord reserves the right to make other reasonable Rules and Regulations as, in its judgment, may from time to time be needed for safety and Access Control, for care and

cleanliness of the Building and for the preservation of good order therein. Tenant agrees to abide by all Rules and Regulations hereinabove stated and any additional rules and regulations which are adopted.

37. Tenant shall be responsible for the observance of all of the foregoing rules by Tenant’s employees, agents, clients, customers, invitees and guests.

EXHIBIT F

BUILDING SERVICES

ADDITIONAL SERVICES:

At the request of Tenant, Landlord may provide additional services such as, but not limited to, shipping/receiving, mail, moving and miscellaneous facilities services.

These services will be provided at a mutually agreed upon price and may be canceled by either party with thirty (30) days' written notice.

CAFETERIA:

Tenant may use Landlord's cafeteria with the following understandings:

Tenant employees will use a predetermined route to access the Landlord's cafeteria. This route will be agreed upon mutually by Tenant and Landlord.

Catering is available through Landlord's cafeteria at the published prices at the time of service.

In the event Tenant requires additional services and/or different methods of billing, it will be reviewed and mutually agreed upon by Tenant and Landlord prior to implementation.

KITCHENS/COFFEE STATIONS:

Tenant will be charged $10.00 per employee, consultant, or contractor per month for use of kitchenettes, coffee and first aid stations located adjacent to their space.

CONFERENCE ROOMS:

Tenant will have the option to use Landlord's Silicon Valley (#1146), conference room. Usage is based upon a first come first serve basis at no additional charge to Tenant. Reservations will not be accepted more than seven (7) days in advance of the date requested and will not be accepted for periods of more than eight (8) consecutive hours without prior approval of Landlord.

COPY CENTER:

Tenant will have the option to use the Landlord Copy Center and withdraw supplies at Landlord's published prices at the time of service.

ELECTRIC VEHICLE CHARGING STATION:

An on-site EV charging station is available for Tenant employees' use once (i) the Landlord's "Use of Electrical Vehicle Charging Stations on Company Property" Waiver form has been signed and (ii) the Tenant employee establishes a ChargePoint account with Landlord's connection code information. Charges are based on kWh used and billed directly to Tenant employee through their ChargePoint account, Tenant is responsible for all such charges if not timely paid by any such Tenant employee.

OFFICE NAME TAGS:

Office nametags, if required, will be the responsibility and at the expense of Tenant.

ACCESS CONTROL:

Access Control Badges: Landlord will issue one (1) access control badge to each employee. If any badges issued to Tenant are not returned, Tenant will be charged $20.00 per badge for each badge that is not returned.

Locks: The locks on corridor doors in the leased space occupied by Tenant will be re-keyed initially by Landlord at no charge. One key for each door will be provided to Tenant at no charge. Thereafter, all re-keying of locks, making of keys, and any additional locksets required and not already in existence will be invoiced monthly to Tenant at Landlord's published price in effect at the time of service. All locksets must be keyed to Landlord master key system and Tenant shall not change, alter, or modify any key or locksets at any time without Landlord's prior approval.

ANNUAL REVIEW OF PRICING:

The pricing, charges and/or mark-up applied to services provided to Tenant by Landlord will be reviewed annually to determine if Landlord's costs of providing the aforementioned services have increased. In the event said costs have increased, the percent of increase will be passed along to Tenant.

Exhibit 10.35

FIRST AMENDMENT

THIS FIRST AMENDMENT (the "**Amendment**") is made and entered into as of June 1, 2017 by and between **Exponent Realty, LLC, a Delaware limited liability company** ("**Landlord**"), and **Corcept Therapeutics Incorporated, a Delaware corporation** ("**Tenant**").

RECITALS

A. Landlord and Tenant are parties to that certain lease dated April 1, 2016 (the "**Lease**"). Pursuant to the Lease, Landlord has leased to Tenant space currently containing approximately **20,831** rentable square feet (the "**Premises**") on the first and second floor of the building, located at 149 Commonwealth Dr., Menlo Park, CA 94025 (the "**Building**").

B. The Lease by its terms is due to expire on March 31, 2019 ("**Expiration Date**").

C. Tenant desires to expand the Premises to include approximately 2642 rentable square feet (the "**Expansion Premises**") described as Suite 1197 for a total rentable square footage of 23,473 rentable square feet now known as (the "**Premises**,") all on the following terms and conditions:

NOW, THEREFORE, in consideration of the above recitals which by this reference are incorporated herein, the mutual covenants and conditions contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. **Expansion and Expansion Term**. The Premises shall be expanded to include approximately 2642 rentable square feet (the "**Expansion Premises**") described as Suite 1197, as shown in Exhibit A of this First Amendment. The term of the Expansion Space shall commence on June 1, 2017 and terminate on the Expiration Date of March 31, 2019.

2. **Base Rent**. The Base Rent for the Premises shall be as shown in the schedule below. Tenant shall continue to pay its' proportionate share of the Operating Expenses and Real Estate Taxes on the Premises. As of June 1, 2017 the schedule of Base Rent payable with respect to the Premises is the following:

DATE	PERIOD	RENTABLE SQ. FT.	BASE RENT PER RSF* PER YEAR	MONTHLY AMOUNT	PERIODIC AMOUNT
06/01/2017 to 12/31/2017	7 Months	23,473	$45.00	$88,023.75	$616,166.25
01/01/2018 to 03/31/2019	15 Months	23,473	$53.52	$104,689.57	$1,570,343.50

*RSF is defined as Rentable Square Feet

All such Base Rent shall be payable by Tenant in accordance with the terms of the Lease.

3. **Tenant's Building Percentage**. Effective June 1, 2017 the Tenant's Building Percentage set forth in section C.5 of the **BASIC LEASE PROVISIONS** is hereby changed to read:

   C.5. Tenant's Building Percentage: Fifteen and Twenty Seven hundredth percent (15.27%)

4. **Premises**. Effective June 1, 2017, during this lease term and any further expansion terms, as long as suite 1197 is occupied by Tenant and Tenant is not in default, the following verbiage set forth in paragraph 2 of the OFFICE LEASE AGREEMENT dated April 1, 2016 will not apply:

   2 (i) Room 1186 and 1188
   At Landlord's sole option Room 1186 and 1188, located on the first floor of the premises, may be recaptured by the Landlord with 60 days written notice to the Tenant. In the event Landlord recaptures this space, an amendment will be made to the lease prior to the recapture date, adjusting the monthly rent and total square footage by 235 rentable square feet.

5. **Security Deposit**. Landlord currently holds a security deposit from the Tenant in the amount of $14,248.70. No additional security deposit shall be required in connection with this First Amendment.

6. **Improvements to and Condition of Premises**. Tenant accepts the Premises in "as is" condition without any agreements, representations, understandings or obligations on the part of Landlord to perform any alterations, repairs or improvements, except as may be expressly provided otherwise in this First Amendment.

7. **Miscellaneous**.

   7.1. This First Amendment, which is hereby incorporated into and made a part of the Lease, sets forth the entire agreement between the parties with respect to the matters herein. There have been no additional oral or written representations or agreements. Under no circumstances shall Tenant be entitled to any Rent abatement, improvement allowance, leasehold improvements, or other work to the Premises, or any similar economic incentives that may have been provided Tenant in connection with entering into the Lease, unless specifically set forth in this First Amendment. Tenant agrees that neither Tenant nor its agents or any other parties acting on behalf of Tenant shall disclose any matters set forth in this First Amendment or disseminate or distribute any information concerning the terms, details or conditions hereof to any person, firm, entity, broker or other tenants in the Building without obtaining the express written consent of Landlord.

7.2. Except as herein modified or amended, the provisions, conditions and terms of the Lease shall remain unchanged and in full force and effect.

7.3. In the case of any inconsistency between the provisions of the Lease and this First Amendment, the provisions of this First Amendment shall govern and control.

7.4. Submission of this First Amendment by Landlord is not an offer to enter into this First Amendment but rather is a solicitation for such an offer by Tenant. Landlord shall not be bound by this First Amendment until Tenant and Landlord have executed and Landlord delivered the same to Tenant.

7.5. Tenant hereby represents to Landlord that Tenant has dealt with no real estate brokers or agents in connection with this First Amendment. Tenant agrees to indemnify and hold Landlord, its members, principals, beneficiaries, partners, officers, directors, employees, mortgagee(s) and agents, and the respective principals and members of any such real estate brokers or agents (collectively, the "**Landlord Related Parties**") harmless from all claims of any real estate brokers or agents claiming to have represented Tenant in connection with this First Amendment. Landlord hereby represents to Tenant that Landlord has dealt with no real estate brokers or agents in connection with this First Amendment. Landlord agrees to indemnify and hold Tenant, its members, principals, beneficiaries, partners, officers, directors, employees, and agents, and the respective principals and members of any such real estate brokers or agents (collectively, the "**Tenant Related Parties**") harmless from all claims of any real estate brokers or agents claiming to have represented Landlord in connection with this First Amendment.

7.6. Each signatory of this First Amendment represents hereby that he or she has the authority to execute and deliver the same on behalf of the party hereto for which such signatory is acting.

[SIGNATURES ARE ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this First Amendment as of the day and year first above written.

LANDLORD:

EXPONENT REALTY, L.L.C.,
a Delaware limited liability company

Date: June 1, 2017 By: /s/ RICHARD L. SCHLENKER

Name: Richard L. Schlenker

Title: Executive Vice President & CFO

TENANT:

Corcept Therapeutics Incorporated,
a Delaware corporation

Date: June 1, 2017 By: /s/ JOSEPH K. BELANOFF, M.D.

Name: Joseph K. Belanoff, M.D.

Title: CEO

Exhibit A

Premises

Exhibit 10.36

SECOND AMENDMENT

THIS SECOND AMENDMENT (the "**Second Amendment**") is made and entered into as of March 12, 2018 by and between **Exponent Realty, LLC, a Delaware limited liability company** ("**Landlord**"), and **Corcept Therapeutics Incorporated, a Delaware corporation** ("**Tenant**").

RECITALS

A. Landlord and Tenant are parties to that certain lease dated April 1, 2016 (the "**Lease**"), and the first amendment (the "**First Amendment**") dated June 1, 2017 Pursuant to the Lease and the First Amendment, Landlord has leased to Tenant space currently containing approximately 23,473 rentable square feet (the "**Premises**") on the first and second floor of the building, located at 149 Commonwealth Dr., Menlo Park, CA 94025 (the "**Building**").

B. The Lease by its terms is due to expire on March 31, 2019 ("**Expiration Date**")

C. Tenant now desires to expand the Premises to include approximately 1,964 rentable square feet (the "**Second Expansion Premises**") described as Suite 1139 for a total rentable square footage of 25,437 rentable square feet now known as (the "**Premises**,") all on the following terms and conditions:

NOW, THEREFORE, in consideration of the above recitals which by this reference are incorporated herein, the mutual covenants and conditions contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. **Expansion and Expansion Term**. The Premises shall be expanded to include approximately 1,964 rentable square feet (the "**Second Expansion Premises**") described as Suite 1139, as shown in Exhibit A of this Second Amendment. The term of the Second Expansion Space shall commence on March 19, 2018 and terminate on the Expiration Date of March 31, 2019.

2. **Base Rent**. The Base Rent for the Premises shall be as shown in the schedule below. Tenant shall continue to pay its' proportionate share of the Operating Expenses and Real Estate Taxes on the Premises. As of March 19, 2018, the schedule of Base Rent payable with respect to the Premises is the following:

DATE	PERIOD	RENTABLE SQ. FT.	BASE RENT PER RSF* PER YEAR	MONTHLY AMOUNT	PERIODICAL MOUNT
03/19/2018 to 03/31/2018	13 days	25,437	53.52	$113,449.02	$47,575.40
04/01/2018 to 03/31/2019	12 Months	25,437	$53.52	$113,449.02	$1,361,388.24

*RSF is defined as Rentable Square Foot/Feet

All such Base Rent shall be payable by Tenant in accordance with the terms of the Lease.

3. **Tenant's Building Percentage**. Effective March 19, 2018 the Tenant's Building Percentage set forth in section C.5 of the **BASIC LEASE PROVISIONS** is hereby changed to read:

C.5. Tenant's Building Percentage: Sixteen and Fifty-Five hundredth percent (16.55%)

4. **Premises**. Effective March 19, 2017, during this lease term and any further expansion terms, as long as suites 1197 is occupied by Tenant and Tenant is not in default, the following verbiage set forth in paragraph 2 of the OFFICE LEASE AGREEMENT dated April 1, 2016 will not apply:

2 (i) Room 1186 and 1188
At Landlord's sole option Room 1186 and 1188, located on the first floor of the premises, may be recaptured by the Landlord with 60 days written notice to the Tenant. In the event Landlord recaptures this space, an amendment will be made to the lease prior to the recapture date, adjusting the monthly rent and total square footage by 235 rentable square feet.

5. **Security Deposit**. Landlord currently holds a security deposit from the Tenant in the amount of $14,248.70. No additional security deposit shall be required in connection with this Second Amendment.

6. **Improvements to and Condition of Premises**. Tenant accepts the Premises in "as is" condition without any agreements, representations, understandings or obligations on the part of Landlord to perform any alterations, repairs or improvements, except as may be expressly provided otherwise in this Second Amendment.

7. **Miscellaneous**.

7.1 This Second Amendment, which is hereby incorporated into and made a part of the Lease, sets forth the entire agreement between the parties with respect to the matters herein. There have been no additional oral or written representations or agreements. Under no circumstances shall Tenant be entitled to any Rent abatement, improvement allowance, leasehold improvements, or other work to the Premises, or any similar economic incentives that may have been provided Tenant in connection with entering into the Lease, unless specifically set forth in this Second Amendment. Tenant agrees that neither Tenant nor its agents or any other parties acting on behalf of Tenant shall disclose any matters set forth in this

Second Amendment or disseminate or distribute any information concerning the terms, details or conditions hereof to any person, firm, entity, broker or other tenants in the Building without obtaining the express written consent of Landlord.

7.2 Except as herein modified or amended, the provisions, conditions and terms of the Lease shall remain unchanged and in full force and effect.

7.3 In the case of any inconsistency between the provisions of the Lease and the First Amendment, the provisions of this Second Amendment shall govern and control.

7.4 Submission of this Second Amendment by Landlord is not an offer to enter into this Second Amendment but rather is a solicitation for such an offer by Tenant. Landlord shall not be bound by this Second Amendment until Tenant and Landlord have executed and Landlord delivered the same to Tenant.

7.5 Tenant hereby represents to Landlord that Tenant has dealt with no real estate brokers or agents in connection with this Second Amendment. Tenant agrees to indemnify and hold Landlord, its members, principals, beneficiaries, partners, officers, directors, employees, mortgagee(s) and agents, and the respective principals and members of any such real estate brokers or agents (collectively, the "**Landlord Related Parties**") harmless from all claims of any real estate brokers or agents claiming to have represented Tenant in connection with this Second Amendment. Landlord hereby represents to Tenant that Landlord has dealt with no real estate brokers or agents in connection with this Second Amendment. Landlord agrees to indemnify and hold Tenant, its members, principals, beneficiaries, partners, officers, directors, employees, and agents, and the respective principals and members of any such real estate brokers or agents (collectively, the "**Tenant Related Parties**") harmless from all claims of any real estate brokers or agents claiming to have represented Landlord in connection with this Second Amendment.

7.6 Each signatory of this Second Amendment represents hereby that he or she has the authority to execute and deliver the same on behalf of the party hereto for which such signatory is acting.

[SIGNATURES ARE ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Second Amendment as of the day and year first above written.

LANDLORD:

EXPONENT REALTY, L.L.C.,
a Delaware limited liability company

Date: 3/12/2018 By: /s/ RICHARD L. SCHLENKER

Name: Richard L. Schlenker

Title: Executive Vice President & CFO

TENANT:

Corcept Therapeutics Incorporated,
a Delaware corporation

Date: 3/12/2018 By: /s/ CHARLES ROBB

Name: Charles Robb

Title: CFO

Exhibit A
Premises

Exhibit A
Premises

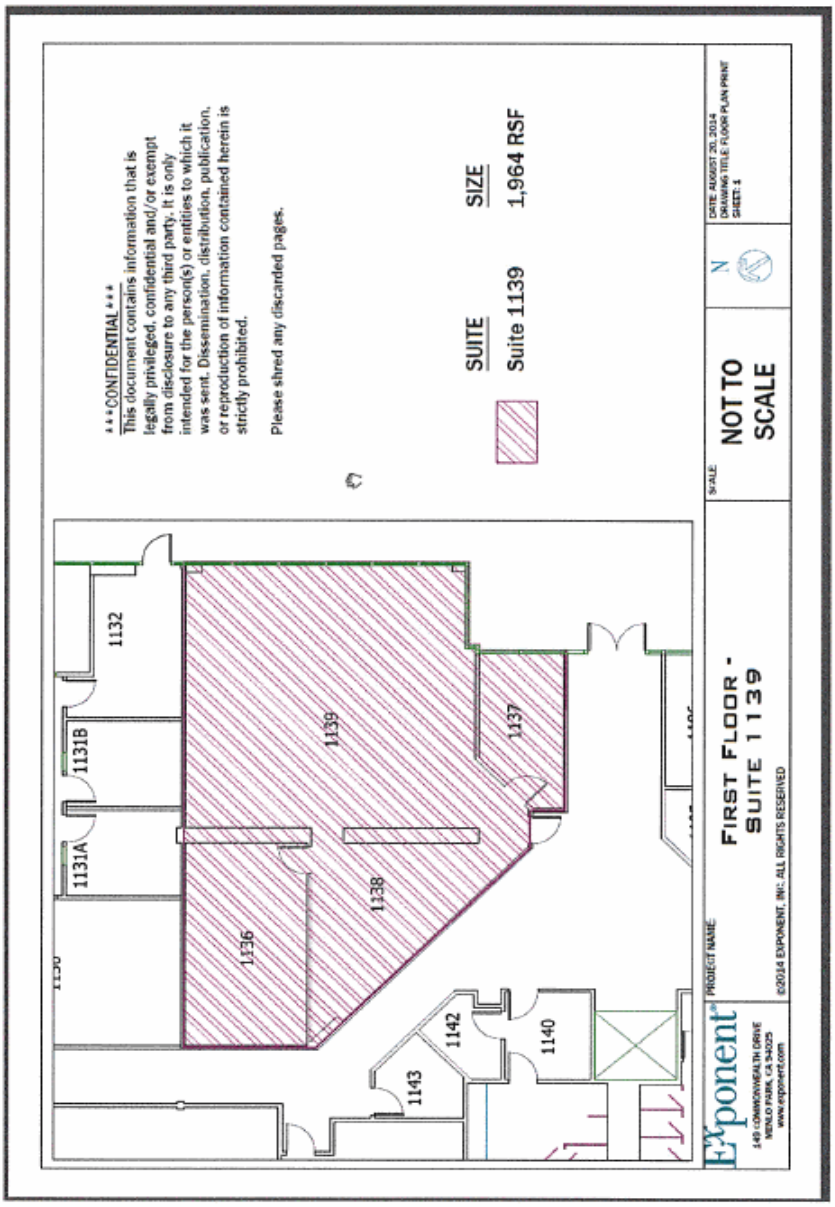


EXHIBIT B
TENANT IMPROVEMENTS

WORK LETTER

- Landlord and Tenant agree as follows:

Landlord shall construct the Tenant Improvements within the Premises substantially in accordance with the plans and specifications prepared for and approved by Tenant (the "Plans"), and approved by Landlord prior to the start of construction, a summary of which is attached hereto as Exhibit B-l. It is agreed that construction of the Tenant Improvements will be completed at Tenant's sole cost and expense using Landlord's Building standard methods, materials and finishes. Landlord shall enter into a direct contract for the Tenant Improvements with a general contractor selected by Landlord after consultation with Tenant. In addition, Landlord shall have the right to select and/or approve any subcontractors used in connection with the Tenant Improvements. Landlord's supervision or performance of any work for or on behalf of Tenant shall not be deemed a representation or warranty by Landlord that such Plans, or the revisions thereto, comply with applicable insurance requirements or Applicable Law, or that the improvements constructed in accordance with the Plans or any revisions thereto will be adequate for Tenant's use, it being agreed that Tenant shall be responsible for all elements of the design of the Plans (including compliance with Applicable Law, functionality of design, the structural integrity of the design, the configuration of the Premises and the placement of Tenant's furniture, appliances and equipment).

The anticipated cost of the Tenant Improvements, including the cost of the Plans borne by Landlord, if any, labor and materials, and contractor's fees are Shown in Exhibit B-2. Upon Substantial Completion of the Tenant Improvements, Landlord will submit a final billing to Tenant and Tenant shall pay to Landlord such Costs, plus any applicable state sales or use tax thereon, within ten (10) business days following Landlord's demand.

If Tenant shall request any revisions to the Plans that are not substantially in accordance with the Plans, Landlord shall have plans for such revisions prepared at Tenant's sole cost and expense, and Tenant shall reimburse Landlord for the cost of preparing any such revisions to the Plans borne by Landlord, plus any applicable state sales or use tax thereon, upon demand. Promptly upon completion of the revisions, Landlord shall notify Tenant in writing of the increased cost in the Tenant Improvements, if any, resulting from such revisions to the Plans. Tenant, within three (3) business days after such notification from Landlord, shall notify Landlord in writing whether it desires to proceed with such revisions. In the absence of such timely written authorization, Landlord shall have the option to continue work on the Premises disregarding the requested revision. Tenant shall be responsible for any actual delay in completion of the Premises resulting from any Tenant Delays (as defined below). If such revisions result in an increase in the cost of the Tenant Improvements, such increased costs, plus

any applicable state sales or use tax thereon, shall be payable by Tenant upon demand. Notwithstanding anything herein to the contrary, all revisions to the Plans shall be subject to the approval of Landlord, but Tenant acknowledges that Landlord's review of the Plans and any revisions thereto is solely for Landlord's internal purposes and shall not be or be understood to be a representation or warranty that such Plans or the revisions thereto comply with applicable insurance requirements or Applicable Law, or that the improvements constructed in accordance with the Plans or any revisions thereto will be adequate for Tenant's use, it being agreed that Tenant shall be responsible for all elements of the design of the Plans (including compliance with Applicable Law, functionality of design, the structural integrity of the design, the configuration of the Premises and the placement of Tenant's furniture, appliances and equipment).

All necessary construction shall be commenced promptly and shall be substantially completed in accordance with the Plans; provided, however, that the time for substantial completion shall be extended for additional periods of time equal to the time lost by Landlord or Landlord's contractors, subcontractors or suppliers due to strikes or other labor troubles, governmental restrictions and limitations, acts of terrorism, riots, scarcity, unavailability or delays in obtaining government approvals or permits, fuel, labor or material, war or other national emergency, accidents, floods or defective materials, fire damage or other casualties, weather conditions or any cause similar or dissimilar to the foregoing beyond the reasonable control of Landlord or Landlord's contractors, subcontractors, or suppliers or Tenant Delays (collectively, "Unavoidable Delays"). If the Commencement Date is a function of the substantial completion of the Tenant Improvements, then the Commencement Date shall be the date upon which the substantial completion of the Tenant Improvements would have occurred but for Unavoidable Delays.

Each of the following shall constitute a "Tenant Delay" (collectively, "Tenant Delays"):

Delays caused by any delay in Tenant's delivering the Plans to Landlord, Tenant's revisions to the Plans.

Tenant's failure to furnish approvals or requests for modification within three (3) business days after receipt from Landlord.

Delays in furnishing materials, services, supplies, labor or components caused by the Tenant or Tenant's preferred vendor.

Delays caused by the performance of any work or activity in the Premises by Tenant or any of its employees, agents, or contractors.

In constructing the Tenant Improvements, Landlord may (a) make substitutions of material or components of equivalent grade and quality when and if any specified material or component shall not be readily or reasonably available, and (b) make changes to the work necessitated by conditions met in the course of construction, provided that if any change noted in

(a) or (b) above is material and substantial in nature, then Tenant's approval of such change shall first be obtained (which approval shall not be unreasonably withheld or delayed).

Landlord's Contractor.

Landlord's construction of the Tenant Improvement shall be performed by a licensed contractor selected by Landlord.

With respect to the Tenant Improvements, the term "substantial completion" or "substantially complete" shall mean the date when the following has occurred: the Tenant Improvements have been completed to the state that will allow Tenant to use the Premises for its intended purposes in compliance with Applicable Law, without material interference to or impairment of Tenant's business activities by reason of any item of work remaining to be done to effect full completion of the Tenant Improvements.

Landlord shall make commercially reasonable efforts to cause the Substantial Completion of the Tenant Improvements by April 30, 2018.

Tenant, at Tenant's sole cost and expense, shall be allowed to install, prior to the date of Substantial Completion, any and all data, telecommunications, and Access Control systems, including all wiring, so long as the installation does not delay or unreasonably interfere with Landlord's contractors. All work done by Tenant shall be performed by Landlord's contractor or contractors approved by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. Tenant may install Tenant's furniture and fixtures prior to the Commencement Date so long as Tenant does not unreasonably interfere with Landlord's contractors. Tenant and Tenant's contractors shall provide certificate of insurance that are reasonably acceptable to Landlord prior to first entry to Premises.

The Tenant Improvements shall be constructed in accordance with the Plans attached hereto as Exhibit B-l, subject to any changes as may be agreed to by Landlord and Tenant, and in compliance with Applicable Law, in a good and workmanlike manner, free of defects and using materials and equipment of good quality. Tenant shall have the right to enter the Premises and inspect the construction of the Tenant Improvements.

Notwithstanding anything to the contrary contained herein or in the Lease, within thirty (30) days, if at all, following the date of Tenant's acceptance of the Premises, Tenant shall deliver a written "punch list" with respect to the Tenant Improvements to Landlord setting forth any and all deviations from the Plans in the Tenant Improvements, and Landlord shall repair any deviations set forth in such "punch list" as soon as practicable thereafter.

EXHIBIT B-1
CONSTRUCTION SPECIFICATIONS

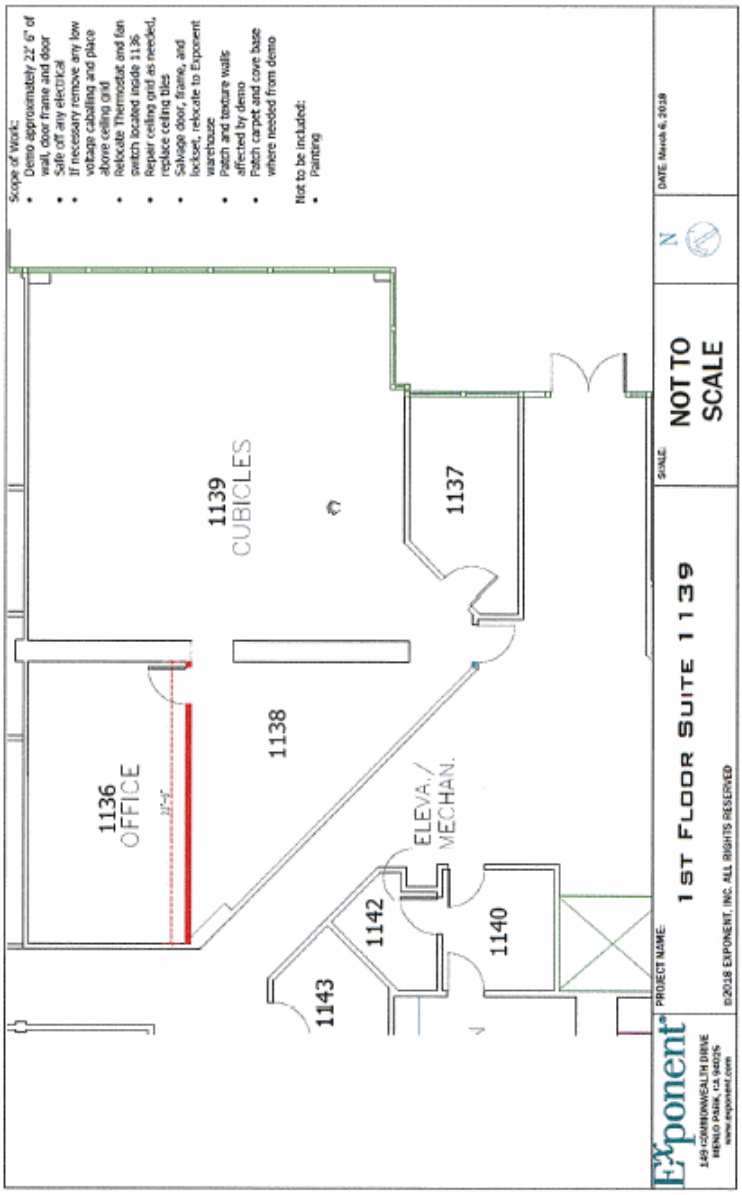


EXHIBIT B-2
CONSTRUCTION COST ESTIMATE

Marquis Construction Inc.
184A Morris Lane
Campbell, CA 95008-5408
Warren.jaques@marquis-const.com
License 652983

March 2, 2018

Exponent
149 Commonwealth Drive
Menlo Park, CA 94025

Attention: Kevin Booker
Proposal: Removable Wall per client instruction

Scope: Provide labor and material outlined project:

Description of Work

- Demo approximately 22 lineal feet of full height wall
- Disconnect electrical, phone and data drops
- Repair Tbar after disconnecting metal studs – patch where needed
- Mark coil data and phone in ceiling
- Patch wall end at building structural K member
- Sheetrock, tape & texture to match existing walls
- Add 2 switches on patched wall for open area
- Relocate and extend to adjacent wall exhaust fan switch
- Patch carpet with customer-supplied carpet materials, approx. 24' x 7"
- Light fixture layout to remain as is
- Add 20 amp copier receptacle where needed (location supplied by customer)

Labor & Materials,	$ 7096
Disposal Fees	$ 390
Project operations, insurance (included)	
Add'l: Electric strike installation on jump	$ 185
TOTAL	**$7671**

General Notes:
- Standard additional insured included in proposal.
- Permit and engineering not included in proposal.
- All work to be done during normal working hours.
- Work to be scheduled based on access to all locations at the same time.

Exhibit 10.37

THIRD AMENDMENT

THIS THIRD AMENDMENT (the "**Third Amendment**") is made and entered into as of November 8, 2018 by and between **Exponent Realty, LLC**, **a Delaware limited liability company** ("**Landlord**"), and **Corcept Therapeutics Incorporated, a Delaware corporation** ("**Tenant**").

RECITALS

A. Landlord and Tenant are parties to that certain lease dated April 1, 2016 (the "**Lease**"), the first amendment (the "**First Amendment**") dated June 1, 2017 and the second amendment (the **"Second Amendment**") dated March 12, 2018. Pursuant to the Lease, the First Amendment and the Second Amendment, Landlord has leased to Tenant space currently containing approximately 25,437 rentable square feet (the "**Premises**") on the first and second floor of the building, located at 149 Commonwealth Dr., Menlo Park, CA 94025 (the "**Building**").

B. The Lease by its terms is due to expire on March 31, 2019 **(**"**Expiration Date**")

C. Tenant now desires to extend the term of the lease and expand the Premises to include approximately 2,872 rentable square feet (the "**Third Expansion Premises**") described as Suite 2,118 for a total rentable square footage of 28,309 rentable square feet now known as (the "**Premises**,") all on the following terms and conditions:

NOW, THEREFORE, in consideration of the above recitals which by this reference are incorporated herein, the mutual covenants and conditions contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. **Extension**. The Term of the Lease is hereby extended for a one-year period (12 months) with an extended termination date "First Extended Termination Date" of March 31, 2020, unless sooner terminated in accordance with the terms of the Lease. That portion of the Term commencing the day immediately following the Lease Termination Date ("First Extension Date") and ending on the First Extended Termination Date shall be referred to herein as the ("First Extended Term").

2. **Expansion and Expansion Term**. The Premises shall be expanded to include approximately 2872 rentable square feet (the "**Third Expansion Premises**") described as Suite 2118, as shown in Exhibit A of this Third Amendment. The term of the Third Expansion Space shall commence on November 12, 2018 and terminate on the Expiration Date of March 31, 2020.

3. **Base Rent**. The Base Rent for the Premises shall be as shown in the schedule below. Tenant shall continue to pay its' proportionate share of the Operating Expenses and Real

Estate Taxes on the Premises. As of November 1, 2018, the schedule of Base Rent payable with respect to the Premises is the following:

DATE	PERIOD	RENTABLE SQ. FT.	BASE RENT PER RSF* PER YEAR	MONTHLY AMOUNT	PERIODIC AMOUNT
11/01/2018 to 11/11/2018	11 days	25,437	$53.52	$113,449.02	$41,597.97
11/12/2018 to 11/30/1018	19 days	28,309	$53.52	$126,258.13	$79,963.48
12/01/2018 to 03/31/2019	4 months	28,309	$53.52	$126,258.13	$505,032.52
04/01/2019 to 03/31/2020	12 months	28,309	$55.20	$130,221.40	$1,562,656.80

*RSF is defined as Rentable Square Foot/Feet

All such Base Rent shall be payable by Tenant in accordance with the terms of the Lease.

4. **Tenant's Building Percentage**. Effective November 12, 2018 the Tenant's Building Percentage set forth in section C.5 of the **BASIC LEASE PROVISIONS** is hereby changed to read:

C.5. Tenant's Building Percentage: Eighteen and Forty-One hundredth percent (18.41%)

5. **Premises**. Effective March 19, 2017, during this lease term and any further expansion terms, as long as suite 1197 is occupied by Tenant and Tenant is not in default, the following verbiage set forth in paragraph 2 of the OFFICE LEASE AGREEMENT dated April 1, 2016 will not apply:

2 (i) Room 1186 and 1188
At Landlord's sole option Room 1186 and 1188, located on the first floor of the premises, may be recaptured by the Landlord with 60 days written notice to the Tenant. In the event Landlord recaptures this space, an amendment will be made to the lease prior to the recapture date, adjusting the monthly rent and total square footage by 235 rentable square feet.

6. **Security Deposit**. Landlord currently holds a security deposit from the Tenant in the amount of $14,248.70. No additional security deposit shall be required in connection with this Third Amendment.

7. **Improvements to and Condition of Premises**. Tenant accepts the Premises in "as is" condition without any agreements, representations, understandings or obligations on the part of Landlord to perform any alterations, repairs or improvements, except as may be expressly provided otherwise in this Third Amendment.

7.1. Landlord at Landlord's sole cost will patch and touch up with paint any damaged walls in addition to shampooing the carpets.

8. **Miscellaneous**.

8.1. This Third Amendment, which is hereby incorporated into and made a part of the Lease, sets forth the entire agreement between the parties with respect to the matters herein. There have been no additional oral or written representations or agreements. Under no circumstances shall Tenant be entitled to any Rent abatement, improvement allowance, leasehold improvements, or other work to the Premises, or any similar economic incentives that may have been provided Tenant in connection with entering into the Lease, unless specifically set forth in this Third Amendment. Tenant agrees that neither Tenant nor its agents or any other parties acting on behalf of Tenant shall disclose any matters set forth in this Third Amendment or disseminate or distribute any information concerning the terms, details or conditions hereof to any person, firm, entity, broker or other tenants in the Building without obtaining the express written consent of Landlord.

8.2. Except as herein modified or amended, the provisions, conditions and terms of the Lease shall remain unchanged and in full force and effect.

8.3. In the case of any inconsistency between the provisions of the Lease and the Third Amendment, the provisions of this Third Amendment shall govern and control.

8.4. Submission of this Third Amendment by Landlord is not an offer to enter into this Third Amendment but rather is a solicitation for such an offer by Tenant. Landlord shall not be bound by this Third Amendment until Tenant and Landlord have executed and Landlord delivered the same to Tenant.

8.5. Tenant hereby represents to Landlord that Tenant has dealt with no real estate brokers or agents in connection with this Third Amendment. Tenant agrees to indemnify and hold Landlord, its members, principals, beneficiaries, partners, officers, directors, employees, mortgagee(s) and agents, and the respective principals and members of any such real estate brokers or agents (collectively, the "**Landlord Related Parties**") harmless from all claims of any real estate brokers or agents claiming to have represented Tenant in connection with this Third Amendment. Landlord hereby represents to Tenant that Landlord has dealt with no real estate brokers or agents in connection with this Third Amendment. Landlord agrees to indemnify and hold Tenant, its members, principals, beneficiaries, partners, officers, directors, employees, and agents, and the respective principals and members of any such real estate brokers or agents (collectively, the "**Tenant Related Parties**") harmless from all claims of any real

estate brokers or agents claiming to have represented Landlord in connection with this Third Amendment.

8.6. Each signatory of this Third Amendment represents hereby that he or she has the authority to execute and deliver the same on behalf of the party hereto for which such signatory is acting.

[SIGNATURES ARE ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Third Amendment as of the day and year first above written.

LANDLORD:

EXPONENT REALTY, L.L.C.,
a Delaware limited liability company

Date: 11/8/2018 By: /s/ RICHARD L. SCHLENKER

Name: Richard L. Schlenker

Title: Executive Vice President & CFO

TENANT:

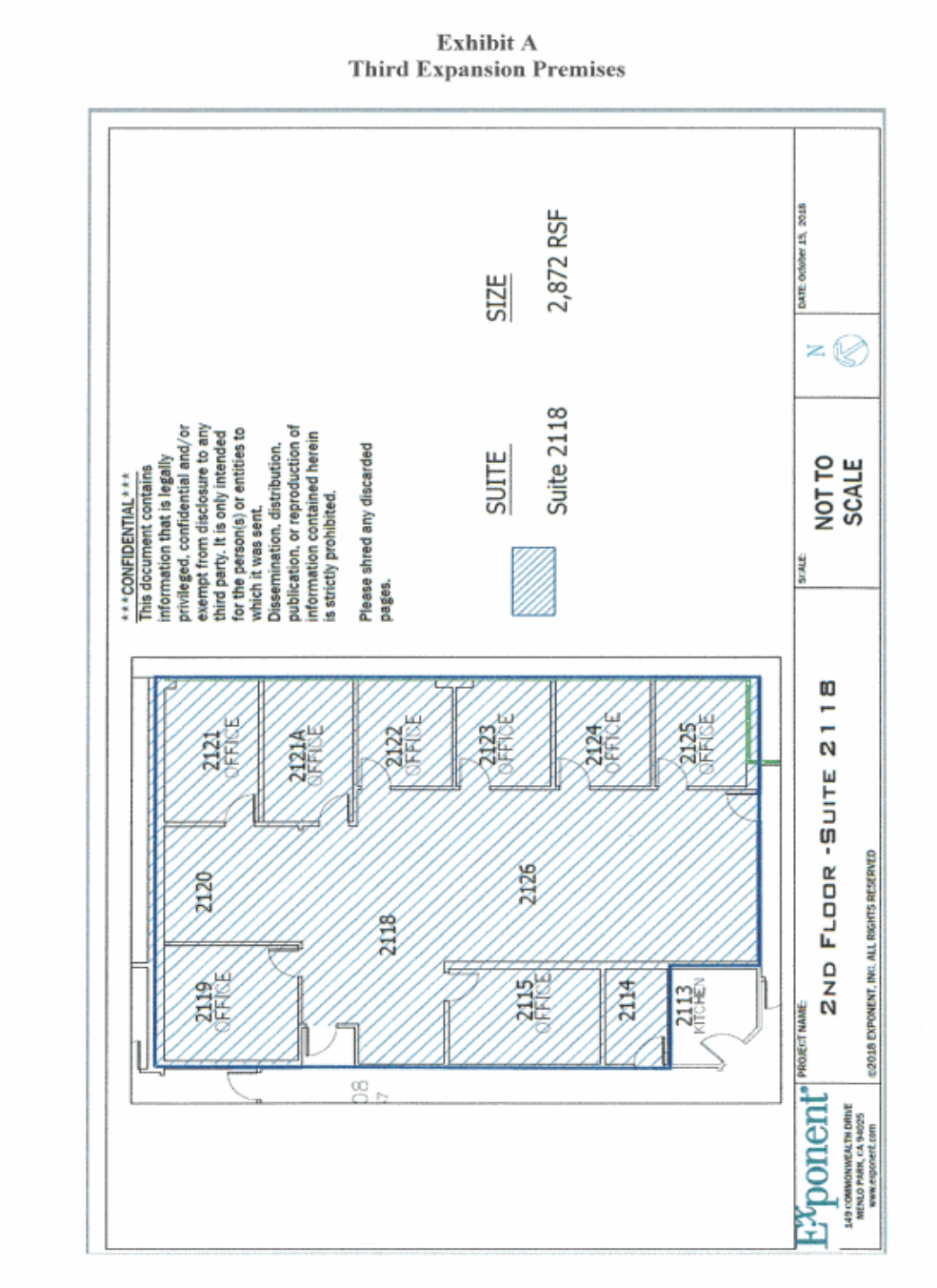
Corcept Therapeutics Incorporated,
a Delaware corporation

Date: 11/8/2018 By: /s/ CHARLES ROBB

Name: Charles Robb

Title: CFO

Exhibit A
Third Expansion Premises



FOURTH AMENDMENT

THIS FOURTH AMENDMENT (the "**Fourth Amendment**") is made and entered into as of October 23, 2019 by and between **Exponent Realty, LLC, a Delaware limited liability company** ("**Landlord**"), and **Corcept Therapeutics Incorporated, a Delaware corporation** ("**Tenant**").

RECITALS

A. Landlord and Tenant are parties to that certain lease dated April 1, 2016 (the "**Lease**"), the first amendment (the "**First Amendment**") dated June 1, 2017, the second amendment (the "**Second Amendment**") dated March 12, 2018 and the third amendment (the "**Third Amendment**") dated November 8, 2018. Pursuant to the Lease, the First Amendment, the Second Amendment and the Third Amendment Landlord has leased to Tenant space currently containing approximately 28,309 rentable square feet (the "**Premises**") on the first and second floor of the building, located at 149 Commonwealth Dr., Menlo Park, CA 94025 (the "**Building**").

B. The Lease by its terms is due to expire on March 31, 2020 ("**Expiration Date**").

C. Tenant and Landlord now desire to extend the term of the lease and modify the Premises on the following terms and conditions:

NOW, THEREFORE, in consideration of the above recitals which by this reference are incorporated herein, the mutual covenants and conditions contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. **Extension**. The Term of the Lease is hereby extended for a two-year period (24 months) beyond the Expiration Date with an extended termination date of March 31, 2022 (the "Second Extended Termination Date"), unless sooner terminated in accordance with the terms of the Lease. That portion of the Term commencing the day immediately following the Expiration Date and ending on the Second Extended Termination Date shall be referred to herein as the ("Second Extended Term").

2. **Modification of Premises**. Effective as of April 1, 2020, the Premises shall be modified as follows: (1) expanded to include approximately 14,485 rentable square feet on the second floor of the building and (2) decreased by approximately 6,732 rentable square feet on the second floor of the building as shown on Exhibit A of this Fourth Amendment (the "**Fourth Expansion Premises**"), such that the new Premises covered by the Lease shall thereafter be a total rentable square footage of 36,422 rentable square feet, as shown on Exhibit B of this Fourth Amendment and will then be known as (the "**Premises**").

3. **Base Rent**. The Base Rent for the Premises shall be as shown in the schedule below. Tenant shall continue to pay its' proportionate share of the Operating Expenses and Real Estate Taxes on the Premises. As of October 1, 2019, the schedule of Base Rent payable with respect to the Premises is the following:

DATE	PERIOD	RENTABLE SQ. FT.	BASE RENT PER RSF* PER YEAR	MONTHLY AMOUNT	PERIODIC AMOUNT
10/01/2019 to 03/31/2020	6 months	28,309	$55.20	$130,221.40	$781,328.40
04/01/2020 to 03/31/2021	12 months	36,422	$57.00	$173,004.50	$2,076,054.00
04/01/2021 to 03/31/2022	12 months	36,422	$58.80	$178,467.80	$2,141,613.60

*RSF is defined as Rentable Square Foot/Feet

All such Base Rent shall be payable by Tenant in accordance with the terms of the Lease.

4. **Tenant's Building Percentage**. Effective April 1, 2020, the Tenant's Building Percentage set forth in section C.5 of the **BASIC LEASE PROVISIONS** is hereby changed to read:

C.5. Tenant's Building Percentage: Twenty-Three and Seven Tenths percent (23.7%)

5. **Security Deposit**. Landlord currently holds a security deposit from the Tenant in the amount of $14,248.70. No additional security deposit shall be required in connection with this Fourth Amendment.

6. **Improvements to and Condition of Premises**. Tenant accepts the Premises in "as is" condition without any agreements, representations, understandings or obligations on the part of Landlord to perform any alterations, repairs or improvements.

7. **Option to Extend**. Effective April 1, 2020, the Conditions to Exercise of Options set forth in section 4.E(i) and 4.E(ii) of the LEASE shall be changed to read as follows:

4.E(i) **Conditions to Exercise of Option**. Provided that Tenant is not in default under this Lease at the time of exercise of the option to extend or at the commencement of the exercise term, Tenant shall have the right to extend the Term of the Lease for two additional periods of one year each (respectively, the "**Fifth Extension Term**" and the "**Sixth Extension Term**") with the Fifth Extension Term commencing at 12:01 a.m. on April 1, 2022 and expiring at 12:00 p.m. (Midnight) on March 31, 2023. And with the Sixth Extension Term commencing at 12:01 a.m. on April 1, 2023 and expiring at 12:00 p.m. (Midnight) on March 31, 2024.

4.E(ii) **Notice of Exercise**. If Tenant elects to extend this Lease for the Fifth Extension Term or the Sixth Extension Term, Tenant shall deliver written notice ("**Exercise Notice**") of its exercise of the option to extend to Landlord not earlier than 365 calendar days and not less than 270 calendar days prior to the then current Amendment Expiration Date. Tenant's failure to deliver the Exercise Notice in a timely manner shall be deemed a waiver of Tenant's rights to extend the Term of the Lease.

8. **Determination of Monthly Base Rent during the Fifth and Sixth Extension Terms**. The determination of the monthly base rent during the Fifth Extension Term and the Sixth Extension Term will be determined in accordance with Section 5C of the Lease.

9. **Miscellaneous**.

9.1. This Fourth Amendment, which is hereby incorporated into and made a part of the Lease, sets forth the entire agreement between the parties with respect to the matters herein. There have been no additional oral or written representations or agreements. Under no circumstances shall Tenant be entitled to any Rent abatement, improvement allowance, leasehold improvements, or other work to the Premises, or any similar economic incentives that may have been provided Tenant in connection with entering into the Lease, unless specifically set forth in this Fourth Amendment. Tenant agrees that neither Tenant nor its agents or any other parties acting on behalf of Tenant shall disclose any matters set forth in this Fourth Amendment or disseminate or distribute any information concerning the terms, details or conditions hereof to any person, firm, entity, broker or other tenants in the Building without obtaining the express written consent of Landlord.

9.2. Except as herein modified or amended, the provisions, conditions and terms of the Lease shall remain unchanged and in full force and effect.

9.3. In the case of any inconsistency between the provisions of the Lease and the Fourth Amendment, the provisions of this Fourth Amendment shall govern and control.

9.4. Submission of this Fourth Amendment by Landlord is not an offer to enter into this Fourth Amendment but rather is a solicitation for such an offer by Tenant. Landlord shall not be bound by this Fourth Amendment until Tenant and Landlord have executed and Landlord delivered the same to Tenant.

9.5. Tenant hereby represents to Landlord that Tenant has dealt with no real estate brokers or agents in connection with this Fourth Amendment. Tenant agrees to indemnify and hold Landlord, its members, principals, beneficiaries, partners, officers, directors, employees, mortgagee(s) and agents, and the respective

principals and members of any such real estate brokers or agents (collectively, the "**Landlord Related Parties**") harmless from all claims of any real estate brokers or agents claiming to have represented Tenant in connection with this Fourth Amendment. Landlord hereby represents to Tenant that Landlord has dealt with no real estate brokers or agents in connection with this Fourth Amendment. Landlord agrees to indemnify and hold Tenant, its members, principals, beneficiaries, partners, officers, directors, employees, and agents, and the respective principals and members of any such real estate brokers or agents (collectively, the "**Tenant Related Parties**") harmless from all claims of any real estate brokers or agents claiming to have represented Landlord in connection with this Fourth Amendment.

9.6. Each signatory of this Fourth Amendment represents hereby that he or she has the authority to execute and deliver the same on behalf of the party hereto for which such signatory is acting.

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Fourth Amendment as of the day and year first above written.

LANDLORD:

EXPONENT REALTY, L.L.C.,
a Delaware limited liability company

Date: 10/23/2019 By: /s/ RICHARD L. SCHLENKER

Name: Richard L. Schlenker

Title: Executive Vice President & CFO

TENANT:

Corcept Therapeutics Incorporated,
a Delaware corporation

Date: 10/23/2019 By: /s/ CHARLES ROBB

Name: Charles Robb

Title: CFO

Exhibit A
Fourth Expansion Premises

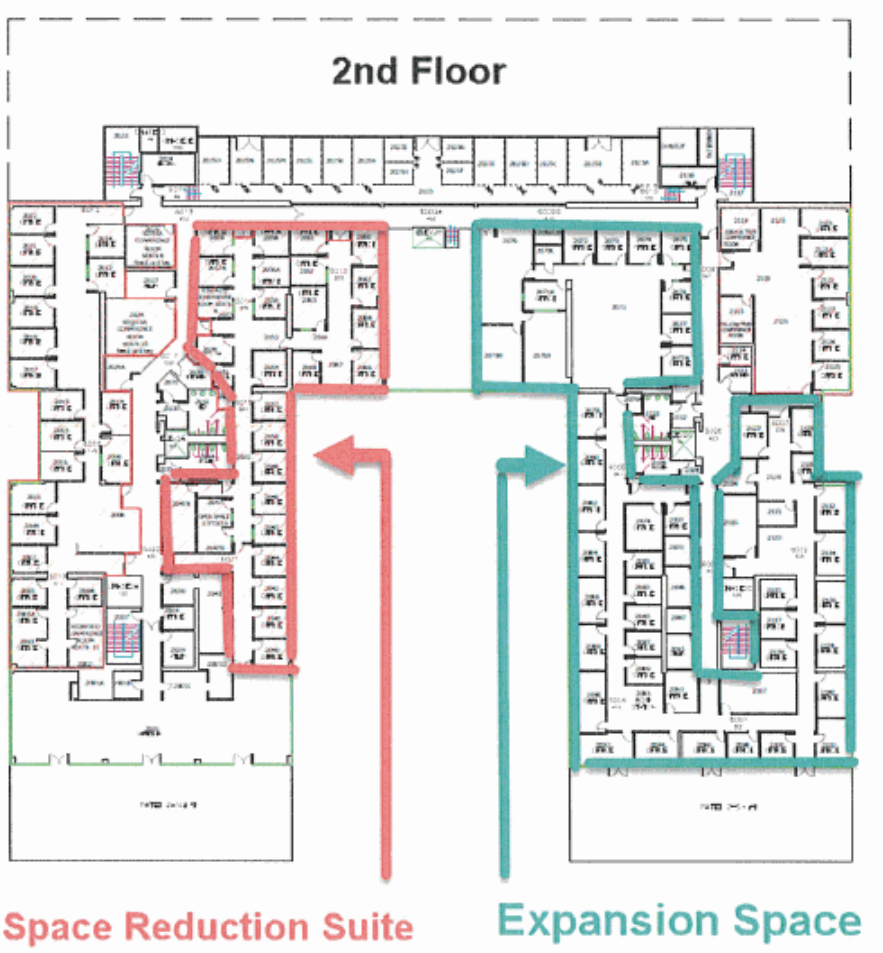


Exhibit B
Premises

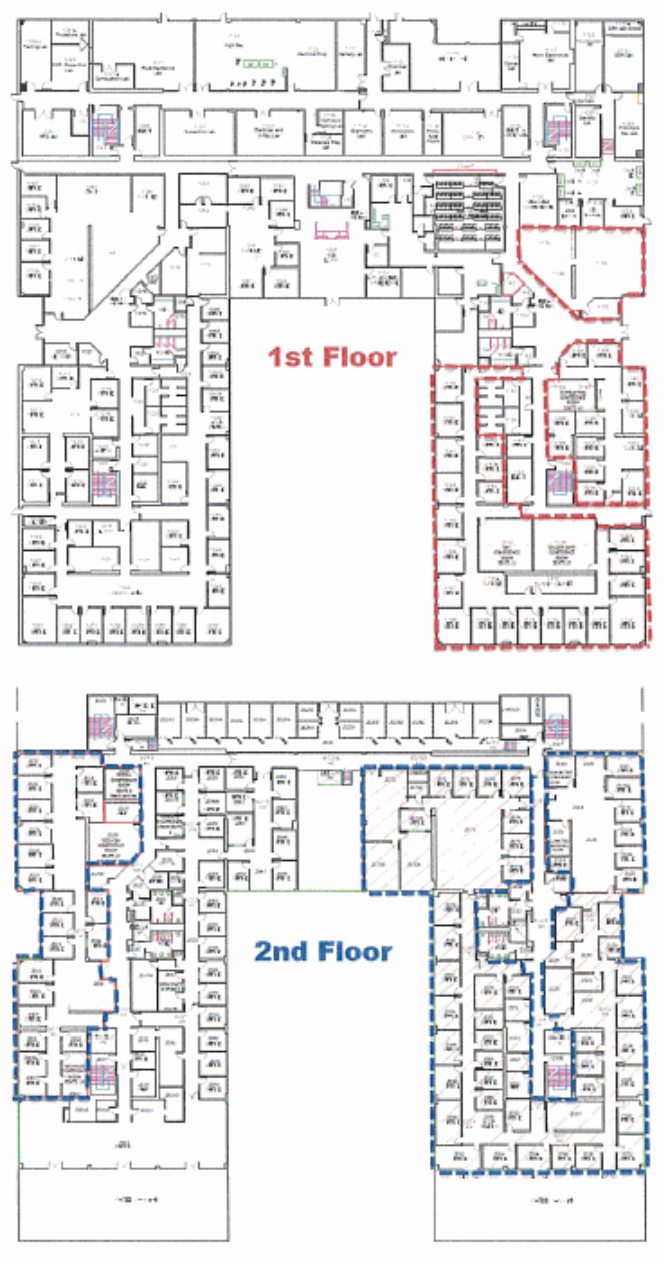


Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statements (Form S-8 Nos. 333-150199, 333-158406, 333-164531, 333-172841 and 333-180073) pertaining to the Amended and Restated 2004 Equity Incentive Plan of Corcept Therapeutics Incorporated,

(2) Registration Statements (Form S-8 Nos. 333-183284, 333-187316, 333-194663, 333-202753, 333-210076, 333-216658, 333-22318 and 333-229857) pertaining to the 2012 Incentive Award Plan for Corcept Therapeutics Incorporated, and

(3) Registration Statements (Form S-3 Nos. 333-150204, 333-181672 and 333-216659) of Corcept Therapeutics Incorporated and in the related Prospectuses;

of our reports dated February 24, 2020, with respect to the consolidated financial statements of Corcept Therapeutics Incorporated and the effectiveness of internal control over financial reporting of Corcept Therapeutics Incorporated included in this Annual Report (Form 10-K) of Corcept Therapeutics Incorporated for the year ended December 31, 2019.

/s/ Ernst & Young LLP

Redwood City, California
February 24, 2020

Exhibit 31.1

CERTIFICATION

I, Joseph K. Belanoff, M.D., certify that:

1. I have reviewed this Annual Report on Form 10-K for the period ended December 31, 2019 of Corcept Therapeutics Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Joseph K. Belanoff

Joseph K. Belanoff, M.D.

Chief Executive Officer and President

February 24, 2020

Exhibit 31.2

CERTIFICATION

I, G. Charles Robb, certify that:

1. I have reviewed this Annual Report on Form 10-K for the period ended December 31, 2019 of Corcept Therapeutics Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ G. Charles Robb

G. Charles Robb

Chief Financial Officer and Secretary

February 24, 2020

Exhibit 32.1

Corcept Therapeutics Incorporated

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Corcept Therapeutics Incorporated (the "Company") on Form 10-K for the period ended December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph K. Belanoff, M.D., Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Joseph K. Belanoff

Joseph K. Belanoff, M.D.

Chief Executive Officer and President

February 24, 2020

This certification is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Corcept Therapeutics Incorporated under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, irrespective of any general incorporation language contained in such filing.

Exhibit 32.2

Corcept Therapeutics Incorporated

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Corcept Therapeutics Incorporated (the "Company") on Form 10-K for the period ended December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, G. Charles Robb, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ G. Charles Robb

G. Charles Robb
Chief Financial Officer and Secretary
February 24, 2020

This certification is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Corcept Therapeutics Incorporated under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, irrespective of any general incorporation language contained in such filing.