

CORNERSTONE THERAPEUTICS INC

Form DEF 14A

April 24, 2009

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

**SCHEDULE 14A
(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240.14a-12

CORNERSTONE THERAPEUTICS INC.
(Name of Registrant as Specified In Its Charter)

Not Applicable
(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**CORNERSTONE THERAPEUTICS INC.
1255 CRESCENT GREEN DRIVE, SUITE 250
CARY, NORTH CAROLINA 27518**

April 24, 2009

Dear Fellow Stockholders:

I am pleased to invite you to join us for the Cornerstone Therapeutics Inc. 2009 Annual Meeting of Stockholders to be held on May 28, 2009 at 2:00 p.m., local time, at The Umstead Hotel and Spa, 100 Woodland Pond, Cary, NC 27513. Details about the meeting, the nominees for the Board of Directors and other matters to be acted on are presented in the Notice of 2009 Annual Meeting of Stockholders and Proxy Statement that follow.

In addition to Annual Meeting formalities, we will report to stockholders generally on Cornerstone Therapeutics Inc. s business, and will be pleased to answer stockholders questions relating to Cornerstone Therapeutics.

We hope you plan to attend the Annual Meeting. Please exercise your right to vote by signing, dating and returning the enclosed proxy card as described in the Proxy Statement, even if you plan to attend the meeting. You may also vote by proxy over the Internet or by telephone.

On behalf of Cornerstone Therapeutics Board of Directors and management, it is my pleasure to express our appreciation for your continued support.

Yours sincerely,

Craig A. Collard
President and Chief Executive Officer

YOUR VOTE IS IMPORTANT

**PLEASE TAKE TIME TO VOTE AS SOON AS POSSIBLE. BY DOING SO, YOU MAY SAVE
CORNERSTONE THERAPEUTICS THE EXPENSE OF ADDITIONAL SOLICITATION.**

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**CORNERSTONE THERAPEUTICS INC.
1255 CRESCENT GREEN DRIVE, SUITE 250
CARY, NORTH CAROLINA 27518**

**NOTICE OF 2009 ANNUAL MEETING OF STOCKHOLDERS
To Be Held On May 28, 2009**

To our stockholders:

NOTICE IS HEREBY GIVEN that the 2009 Annual Meeting of Stockholders of Cornerstone Therapeutics Inc. will be held on May 28, 2009 at 2:00 p.m., local time, at The Umstead Hotel and Spa, 100 Woodland Pond, Cary, NC 27513. At the annual meeting, stockholders will consider and vote on the following matters:

1. The election of two (2) members to our board of directors to serve as Class II directors for a term of three years.
2. The approval of the 2004 Stock Incentive Plan, as amended and restated, to, among other things, increase the number of shares authorized for issuance under the 2004 Stock Incentive Plan and increase the number of shares that may be granted to a participant in a calendar year.
3. The ratification of the selection by the Audit Committee of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2009.

Stockholders also will consider and vote on any other matters as may properly come before the annual meeting or any adjournment thereof. Our board of directors has no knowledge of any other matters which may come before the meeting.

Stockholders of record on March 30, 2009 are entitled to notice of, and to vote at, the annual meeting or any adjournment thereof. Your vote is important regardless of the number of shares you own. Our stock transfer books will remain open for the purchase and sale of our common stock.

We hope that all stockholders will be able to attend the annual meeting in person. However, in order to ensure that a quorum is present at the meeting, please complete, date, sign and promptly return the enclosed proxy card whether or not you expect to attend the annual meeting. A postage-prepaid envelope, addressed to BNY Mellon Shareowner Services, our transfer agent and registrar, has been enclosed for your convenience. You may also vote by proxy over the Internet or by telephone. If you attend the meeting, your proxy will, upon your written request, be returned to you and you may vote your shares in person.

All stockholders are cordially invited to attend the meeting.

By order of the Board of Directors,

Scott B. Townsend, Esq.
Secretary

Cary, North Carolina
April 24, 2009

WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, YOUR VOTE IS IMPORTANT. IN ORDER TO ASSURE THE REPRESENTATION OF YOUR SHARES AT THE ANNUAL MEETING, PLEASE VOTE AS SOON AS POSSIBLE OVER THE INTERNET, BY TELEPHONE OR BY MAIL.

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**CORNERSTONE THERAPEUTICS INC.
1255 CRESCENT GREEN DRIVE, SUITE 250
CARY, NORTH CAROLINA 27518**

PROXY STATEMENT

**For the 2009 Annual Meeting of Stockholders
To Be Held On May 28, 2009**

This proxy statement and the enclosed proxy card are being furnished in connection with the solicitation of proxies by the board of directors of Cornerstone Therapeutics Inc. for use at the 2009 Annual Meeting of Stockholders to be held on May 28, 2009 at 2:00 p.m., local time, at The Umstead Hotel and Spa, 100 Woodland Pond, Cary, NC 27513, and any adjournment thereof.

All proxies will be voted in accordance with your instructions. If no choice is specified, the proxies will be voted in favor of the matters set forth in the accompanying Notice of Meeting. Any proxy may be revoked by a stockholder at any time before it is exercised by attending the meeting and voting in person, delivering written notice of revocation of your proxy to our Secretary at any time before voting is closed or timely submitting another signed proxy card bearing a later date or new voting instructions by telephone or over the Internet as described below.

Our Annual Report to Stockholders for the fiscal year ended December 31, 2008 is being mailed to stockholders with the mailing of these proxy materials on or about April 24, 2009.

**Important Notice Regarding the Availability of Proxy Materials
For the Stockholder Meeting to Be Held on May 28, 2009**

**The annual report and proxy statement will also be available on the Internet at
*www.proxydocs.com/crtx***

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2008 as filed with the Securities and Exchange Commission, or SEC, except for exhibits, will be furnished without charge to any stockholder upon written or oral request to Cornerstone Therapeutics Inc., Attention of David Price, Executive Vice President, Finance, and Chief Financial Officer, 1255 Crescent Green Drive, Suite 250, Cary, North Carolina 27518; telephone: 1 (888) 466-6505.

Cornerstone Merger

On October 31, 2008, we completed a reverse merger, or the Merger, in which one of our wholly owned subsidiaries merged with Cornerstone BioPharma Holdings, Inc., or Cornerstone BioPharma, such that Cornerstone BioPharma became our wholly owned subsidiary, and we changed our name from Critical Therapeutics, Inc. to Cornerstone Therapeutics Inc. In connection with the Merger, we issued approximately 8.0 million shares of our common stock

(after taking into account the reverse stock split we effected immediately prior to the closing of the Merger) to Cornerstone BioPharma stockholders in exchange for their shares of Cornerstone BioPharma common stock, and we assumed all of the stock options and warrants of Cornerstone BioPharma outstanding as of October 31, 2008. Immediately following the closing of the Merger, therefore, former Cornerstone BioPharma stockholders, optionholders and warrant holders owned beneficially owned, directly or indirectly, approximately 70% of our common stock, and former Critical Therapeutics stockholders owned approximately 30%, of our common stock, after giving effect to shares issuable pursuant to outstanding options and warrants held by Cornerstone BioPharma's stockholders immediately prior to the effective time of the merger, but without giving effect to any shares issuable pursuant to outstanding options and warrants held by Critical Therapeutics' stockholders immediately prior to the effective time of the merger.

In addition, our board of directors was replaced by new directors selected by Cornerstone BioPharma, and all members of our current management team are from Cornerstone BioPharma, except for Scott B. Townsend, our Executive Vice President of Legal Affairs, General Counsel and Secretary.

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Voting Securities and Votes Required

Stockholders of record on March 30, 2009 will be entitled to notice of and to vote at the annual meeting. On that date, 12,499,102 shares of our common stock were issued and outstanding. Each share of common stock entitles the holder to one vote with respect to all matters submitted to stockholders at the meeting. We have no other securities entitled to vote at the meeting.

The representation in person or by proxy of at least a majority of the shares of common stock issued, outstanding and entitled to vote at the annual meeting is necessary to establish a quorum for the transaction of business. If a quorum is not present, the meeting will be adjourned until a quorum is obtained.

Directors are elected by a plurality of votes cast by stockholders entitled to vote at the meeting. To be approved, any other matter submitted to our stockholders, including the ratification of Grant Thornton LLP as our independent registered public accounting firm, requires the affirmative vote of the majority of shares present in person or represented by proxy and voting on such matter at the annual meeting. The votes will be counted, tabulated and certified by a representative of BNY Mellon Shareowner Services, who will serve as the inspector of elections at the annual meeting.

Shares which abstain from voting as to a particular matter, and shares held in street name by banks, brokers or other nominees who indicate on their proxy cards that they do not have discretionary authority to vote such shares as to a particular matter, which we refer to as broker non-votes, will be counted for the purpose of determining whether a quorum exists but will not have any effect upon the outcome of voting with respect to any matters voted on at the annual meeting.

Stockholders may vote in person or by proxy. Voting by proxy will not in any way affect a stockholder's right to attend the meeting and vote in person. Any stockholder voting by proxy has the right to revoke the proxy at any time before the polls close at the annual meeting by attending the meeting and voting in person, delivering written notice of revocation of your proxy to our Secretary at any time before voting is closed, timely submitting another signed proxy card bearing a later date or timely submitting new voting instructions by telephone or over the Internet as described below. The shares represented by all properly executed proxies received in time for the meeting or voted by proxy over the Internet or by telephone will be voted as specified. If the shares you own are held in your name and you do not specify in the proxy card how your shares are to be voted, they will be voted in favor of the election as directors of those persons named as nominees in this proxy statement and in favor of the ratification of Grant Thornton LLP as our independent registered public accounting firm. If any other matters properly come before the meeting, the persons named in the accompanying proxy will vote the shares represented by such proxy on such matters as determined by a majority of our board of directors. If the shares you own are held in street name, the bank, broker or other nominee, as the record holder of your shares, is required to vote your shares in accordance with your instructions. In order to vote your shares held in street name, you will need to follow the directions your bank, broker or other nominee provides you.

If your shares are registered directly in your name, you may vote:

Over the Internet. Go to the web site of our tabulator, BNY Mellon Shareowner Services, at <http://www.proxyvoting.com/CRTX> and follow the instructions you will find there. You must specify how you want your shares voted or your Internet vote cannot be completed and you will receive an error message. Your shares will be voted according to your instructions.

By Telephone. Call (866) 540-5760 toll-free from the United States or Canada and follow the instructions. You must specify how you want your shares voted and confirm your vote at the end of the call or your

telephone vote cannot be completed. Your shares will be voted according to your instructions.

By Mail. Complete, date and sign the enclosed proxy card and mail it in the enclosed postage-paid envelope to BNY Mellon Shareowner Services. Your proxy will be voted according to your instructions. If you do not specify how you want your shares voted, they will be voted as recommended by our board of directors.

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In Person at the Meeting. If you attend the meeting, you may deliver your completed proxy card in person or you may vote by completing a ballot, which will be available at the meeting.

If your shares are held in street name for your account by a bank, broker or other nominee, you may vote:

Over the Internet or By Telephone. You will receive instructions from your broker or other nominee if you are permitted to vote over the Internet or by telephone.

By Mail. You will receive instructions from your broker or other nominee explaining how to vote your shares.

In Person at the Meeting. Contact the broker or other nominee that holds your shares to obtain a broker's proxy card and bring it with you to the meeting. **A broker's proxy is *not* the form of proxy enclosed with this proxy statement. You will not be able to vote shares you hold in street name at the meeting unless you have a proxy from your broker issued in your name giving you the right to vote the shares.**

Householding of Annual Meeting Materials

Some banks, brokers and other nominee record holders may be participating in the practice of householding proxy statements and annual reports. This means that only one copy of our proxy statement and Annual Report to Stockholders may have been sent to multiple stockholders in your household. We will promptly deliver a separate copy of either document to you upon written or oral request to Cornerstone Therapeutics Inc., Attention of David Price, Executive Vice President, Finance, and Chief Financial Officer, 1255 Crescent Green Drive, Suite 250, Cary, North Carolina 27518; telephone: 1 (888) 466-6505. If you want to receive separate copies of the proxy statement or Annual Report to Stockholders in the future, or if you are receiving multiple copies and would like to receive only one copy per household, you should contact your bank, broker or other nominee record holder, or you may contact us at the above address and phone number.

STOCK OWNERSHIP INFORMATION

The following table sets forth information regarding beneficial ownership of our common stock as of April 15, 2009 by:

each person, entity or group of affiliated persons or entities known to us to be the beneficial owner of more than 5% of the outstanding shares of our common stock;

each of our directors and nominees for director;

our President and Chief Executive Officer as of December 31, 2008, two other individuals that served as our President and Chief Executive Officer during 2008, our two most highly compensated executive officers other than our President and Chief Executive Officer who were serving as executive officers on December 31, 2008, and two additional former executive officers who would have been among our most highly compensated executive officers if they had been serving as executive officers on December 31, 2008; and

all of our directors and executive officers as a group.

Beneficial ownership is determined in accordance with the applicable rules of the SEC and includes voting or investment power with respect to shares of our common stock. Shares of common stock issuable under stock options and warrants that are currently exercisable or exercisable within 60 days of April 15, 2009 are deemed to be

beneficially owned by the person holding the option or warrant for purposes of calculating the percentage ownership of that person but are not deemed outstanding for purposes of calculating the percentage ownership of any other person. The information set forth below is not necessarily indicative of beneficial ownership for any other purpose, and the inclusion of any shares deemed beneficially owned in this table does not constitute an admission of beneficial ownership of those shares. Unless otherwise indicated, to our knowledge, all persons named in the table have sole voting and investment power with respect to the

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shares of common stock beneficially owned by them, except, where applicable, to the extent authority is shared by spouses under community property laws.

Name and Address of Beneficial Owner(1)	Number of Outstanding Shares Beneficially Owned	Shares Underlying Options Exercisable within 60 Days	Total Number of Shares Beneficially Owned	Percentage of Common Stock Beneficially Owned
5% Stockholders				
Craig A. Collard(2) <i>President and Chief Executive Officer and Director</i>	4,646,138	139,873	4,786,011	35.5%
Cornerstone Biopharma Holdings, Ltd.(3)	3,202,225		3,202,225	23.8%
Carolina Pharmaceuticals Ltd.(4)	1,443,913		1,443,913	10.7%
Steven M. Lutz(5) <i>Executive Vice President, Commercial Operations</i>	677,348	127,969	805,317	6.0%
Lutz Family Limited Partnership(6)	677,348		677,348	5.0%
James V. Baker	738,059	11,904	749,963	5.6%
Directors and Named Executive Officers				
Christopher Codeanne <i>Director</i>		2,916	2,916	*
Michael Enright <i>Director</i>		2,916	2,916	*
Michael Heffernan <i>Director</i>		6,487	6,487	*
Alastair McEwan <i>Director</i>		300,579	300,579	2.2%
Brian Dickson, M.D. <i>Chief Medical Officer</i>		245,522	245,522	1.8%
Scott B. Townsend, Esq.(7) <i>Executive Vice President of Legal Affairs, General Counsel and Secretary</i>	158,208	21,751	179,960	1.3%
Trevor Phillips, Ph.D.(8) <i>Former President and Chief Executive Officer</i>	8,072		8,072	*
Frank E. Thomas(9) <i>Former President and Chief Executive Officer</i>	1,000		1,000	*
Thomas P. Kelly(10) <i>Former Chief Financial Officer and Senior Vice President of Finance and Corporate Development</i>	9,070		9,070	*
Jeffrey E. Young(11) <i>Former Vice President of Finance, Chief Accounting Officer and Treasurer</i>	4,831		4,831	*

All executive officers and directors as a group
(11 persons, consisting of 7 officers and 4
non-employee directors)

5,985,194	961,697	6,946,891	51.6%
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* Represents beneficial ownership of less than one percent of common stock.

- (1) Unless otherwise indicated, the address of each beneficial owner is care of Cornerstone Therapeutics Inc., 1255 Crescent Green Drive, Suite 250, Cary, North Carolina 27518.
- (2) Consists of 3,202,225 shares of common stock held by Cornerstone Biopharma Holdings, Ltd., and 1,443,913 shares of common stock held by Carolina Pharmaceuticals Ltd., or Carolina Pharmaceuticals, an entity under common control with us, received in connection with the conversion of the outstanding principal amount under a promissory note Cornerstone BioPharma, Inc. executed with Carolina Pharmaceuticals to borrow up to \$15.0 million for five years with an annual interest rate of 10%, which we refer to as the Carolina Note. Mr. Collard is the controlling shareholder and a director of Cornerstone Biopharma Holdings, Ltd. and by virtue of such positions exercises voting and investment power with respect to the Cornerstone Therapeutics Inc. shares owned by Cornerstone Biopharma Holdings, Ltd. Mr. Collard is the chief executive officer and chairman of the board of Carolina Pharmaceuticals and by virtue of such positions exercises voting and investment power with respect to the Cornerstone

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Therapeutics Inc. shares owned by Carolina Pharmaceuticals. Mr. Collard disclaims beneficial ownership of the shares held by Cornerstone Biopharma Holdings, Ltd. and Carolina Pharmaceuticals, except to the extent of his pecuniary interest therein.

- (3) Mr. Collard is the controlling shareholder and a director of Cornerstone Biopharma Holdings, Ltd. and by virtue of such positions exercises voting and investment power with respect to the Cornerstone Therapeutics Inc. shares owned by Cornerstone Biopharma Holdings, Ltd.
- (4) Mr. Collard is the chief executive officer and chairman of the board of Carolina Pharmaceuticals and by virtue of such positions exercises voting and investment power with respect to the Cornerstone Therapeutics Inc. shares owned by Carolina Pharmaceuticals.
- (5) Consists of 677,348 shares of common stock held by the Lutz Family Limited Partnership. Mr. Lutz has or shares voting and investment power over the shares of Cornerstone Therapeutics Inc. common stock held by the Lutz Family Limited Partnership by virtue of his serving as general partner of the Lutz Family Limited Partnership. Mr. Lutz disclaims beneficial ownership of the shares held by the Lutz Family Limited Partnership, except to the extent of his pecuniary interest therein.
- (6) Mr. Lutz is the general partner of the Lutz Family Limited Partnership and by virtue of such position exercises voting and investment power with respect to the Cornerstone Therapeutics Inc. shares owned by the Lutz Family Limited Partnership.
- (7) Includes 150,222 shares of restricted stock issued to Mr. Townsend that will vest in the future. As provided in the restricted stock agreements pursuant to which these shares were issued, Mr. Townsend has all rights of ownership with respect to these shares, except that, until vested, such shares are subject to forfeiture and transfer restrictions.
- (8) Includes 318 shares of common stock held by Dr. Phillips' children. Dr. Phillips disclaims beneficial ownership of the foregoing 318 shares held by his children except to the extent of his pecuniary interest therein. Dr. Phillips served as a director from March 4, 2008 to October 31, 2008 and served as President and Chief Executive Officer from April 1, 2008 to October 31, 2008.
- (9) Mr. Thomas served as a director from June 2006 to March 2, 2008 and served as President and Chief Executive Officer from June 2006 to March 31, 2008. Mr. Thomas resigned as a director effective March 2, 2008 and as President and Chief Executive Officer effective March 31, 2008.
- (10) Mr. Kelly served as Chief Financial Officer from August 2007 to October 31, 2008.
- (11) Mr. Young served as Vice President of Finance, Chief Accounting Officer and Treasurer from June 2006 to October 31, 2008.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our directors, executive officers and the holders of more than 10% of our common stock to file with the SEC initial reports of ownership of our common stock and other equity securities on a Form 3 and reports of changes in such ownership on a Form 4 or Form 5. Officers, directors and 10% stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. To our knowledge, based solely upon a review of the copies of such forms furnished to us for the year ended December 31, 2008, and the information provided to us by those persons required to file such reports, no such person failed to file

the forms required by Section 16(a) of the Exchange Act on a timely basis during the year ended December 31, 2008.

PROPOSAL ONE ELECTION OF DIRECTORS

Our board of directors is divided into three classes, with one class being elected each year and members of each class holding office for a three-year term. The number of members of our board of directors is determined from time to time by our board of directors. Our board of directors currently consists of five members, one of whom is a Class I director (with a term expiring at the 2011 annual meeting), two of whom are Class II directors (with terms expiring at the 2009 annual meeting), and two of whom are Class III directors (with terms expiring at the 2010 annual meeting).

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At the 2009 annual meeting, stockholders will have an opportunity to vote for the nominees for Class II directors, Christopher Codeanne and Michael Enright. Mr. Codeanne and Mr. Enright are currently serving as Class II directors. The persons named in the enclosed proxy card will vote to elect these nominees as Class II directors, unless you withhold authority to vote for the election of a nominee by marking the proxy card to that effect. The nominees have indicated their willingness to serve, if elected. However, if a nominee should be unable or unwilling to serve, the proxies may be voted for a substitute nominee designated by our board of directors, or our board of directors may reduce the number of directors.

Board Recommendation

The board of directors recommends a vote FOR the election of the Class II director nominees.

The following paragraphs provide information as of the date of this proxy statement about the Class II director nominees and each member of our board of directors whose term continues after the 2009 annual meeting. The information presented includes information about each such director, including his age, all positions and offices he holds with us, his length of service as a director, his principal occupation and employment for the past five years and the names of other publicly held companies of which he serves as a director. For information about the number of shares of common stock beneficially owned by our directors as of April 15, 2009, see Stock Ownership Information.

No director or executive officer is related by blood, marriage or adoption to any other director or executive officer. No arrangements or understandings exist between any director or person nominated for election as a director and any other person pursuant to which such person is to be selected as a director or nominee for election as a director.

Class II Director Nominees (Terms to Expire at the 2012 Annual Meeting)

Christopher Codeanne, age 41, became a director in 2008.

Christopher Codeanne has served on our board of directors since the consummation of the Merger. Since April 2008, Mr. Codeanne has served as Chief Operating Officer and Chief Financial Officer of Oncology Development Partners, LLC (d/b/a Oncopartners), a specialized international oncology contract research organization. From December 2006 through April 2008, Mr. Codeanne served as the Chief Financial Officer of Averion International Corp., or Averion, a publicly traded international contract research organization. Prior to Averion, from 2002 through July 2006, Mr. Codeanne was the Chief Financial Officer of SCIREX Corporation (which was acquired by Premier Research Group plc in 2006), or SCIREX, an international, full-service clinical research organization. From 1999 to 2002, Mr. Codeanne served as Director of Finance of SCIREX. Mr. Codeanne is a member of the American Institute of Certified Public Accountants, the Connecticut Society of Certified Public Accountants and Financial Executives International. Mr. Codeanne holds a B.A. in Accounting from Fairfield University and an MBA from the University of Connecticut.

Michael Enright, age 47, became a director in 2008.

Michael Enright has served on our board of directors since the consummation of the Merger. Since 1995, Mr. Enright has served as Chief Financial Officer for Atlantic Search Group, Inc., a staff augmentation and functional outsourcing services organization serving pharmaceutical companies and contract research organizations in the United States and India. Prior to 1995, Mr. Enright held positions in employee benefits administration with Hauser Insurance Group and The Prudential Insurance Company, and in financial management with General Electric Company's aerospace business group. Mr. Enright holds a B.A. in Finance from Villanova University and an MBA from the Kenan-Flagler School of Business of the University of North Carolina at Chapel Hill.

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Class I Director (Term to Expire at the 2011 Annual Meeting)

Craig A. Collard, age 43, became a director in 2008.

Craig A. Collard has served as our President and Chief Executive Officer and the chairman of our board of directors since the consummation of the Merger. In March 2004, Mr. Collard founded Cornerstone BioPharma Holdings, Ltd. (the assets and operations of which were restructured as Cornerstone BioPharma in May 2005), and served as its President and Chief Executive Officer and a director from March 2004 to October 2008. Before founding Cornerstone BioPharma, Mr. Collard's principal occupation was serving as the President and Chief Executive Officer of Carolina Pharmaceuticals, Inc., a specialty pharmaceutical company he founded in May 2003. From August 2002 to February 2003, Mr. Collard served as Vice President of Sales for Verum Pharmaceuticals, Inc., or Verum, a specialty pharmaceutical company in Research Triangle Park, North Carolina. From 1998 to 2002, Mr. Collard worked as Director of National Accounts at DJ Pharma, Inc., a specialty pharmaceutical company which was eventually purchased by Biovail Pharmaceuticals, Inc., or Biovail. His pharmaceutical career began in 1992 as a field sales representative at Dura Pharmaceuticals, Inc., or Dura. He was later promoted to several other sales and marketing positions within Dura. Mr. Collard is a member of the board of directors of Hilltop Home Foundation, a Raleigh, North Carolina, non-profit corporation, in addition to our board of directors. Mr. Collard holds a B.S. in Engineering from the Southern College of Technology (now Southern Polytechnic State University) in Marietta, Georgia.

Class III Directors (Terms to Expire at the 2010 Annual Meeting)

Michael Heffernan, age 44, became a director in 2008.

Michael Heffernan has served on our board of directors since the consummation of the Merger. Since 2002, Mr. Heffernan has served as President and Chief Executive Officer of Collegium Pharmaceutical, Inc., a specialty pharmaceutical company that develops and commercializes products to treat central nervous system, respiratory and skin-related disorders. From 1999 to 2001, Mr. Heffernan served as President and Chief Executive Officer of PhyMatrix Corp., an integrated health care services company. From 1995 to 1999, Mr. Heffernan served as President and Chief Executive Officer of Clinical Studies Ltd., a pharmaceutical clinical development company. From 1987 to 1994, Mr. Heffernan served in a variety of sales and marketing positions with Eli Lilly and Company, a pharmaceutical company. Mr. Heffernan has also served on the board of directors of TyRx Pharma, Inc. since 2002. Mr. Heffernan holds a B.S. in Pharmacy from the University of Connecticut and is a Registered Pharmacist.

Alastair McEwan, age 53, became a director in 2008.

Alastair McEwan has served on our board of directors since the consummation of the Merger. Mr. McEwan joined Cornerstone BioPharma's board of directors in August 2005 and became chairman of its board of directors in January 2006. From October 2005 through December 2005, Mr. McEwan served as Cornerstone BioPharma's interim Chief Financial Officer. From June 1996 to December 2004, Mr. McEwan served in a variety of positions at Inveresk Research Group, Inc., or Inveresk, including as Group Executive Vice President, as President of Inveresk Global Clinical Operations and President of Inveresk Clinical Americas' operations. Mr. McEwan served as a member of the Group Executive Board of Inveresk from 1999 to 2004. Mr. McEwan also serves as a member of Averion's board of directors. Mr. McEwan qualified as a Chartered Accountant in 1979 with the Institute of Chartered Accountants of Scotland and holds a Bachelor of Commerce from the University of Edinburgh.

CORPORATE GOVERNANCE

General

Our management and board of directors believe that good corporate governance is important to ensure that we are managed for the long-term benefit of our stockholders. This section describes key corporate governance practices that we have adopted.

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Board Determination of Independence

Under applicable rules of The NASDAQ Stock Market LLC, or NASDAQ, a director will only qualify as an independent director if, in the opinion of our board of directors, that person does not have a relationship which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. These rules also specify certain persons whose relationships with us would preclude them from being considered independent. Our board of directors has determined that each of the following current members of our board of directors is an independent director as defined under applicable NASDAQ rules, including that each such director is free of any relationship that would interfere with the exercise of his independent judgment in carrying out his responsibilities as a director: Mr. Codeanne, Mr. Enright and Mr. Heffernan. In addition, our board of directors previously determined that each of the following former members of our board of directors was an independent director as defined under applicable NASDAQ rules while such director was serving as a member of our board of directors, including that each such director was free of any relationship that would interfere with the exercise of his or her independent judgment in carrying out his or her responsibilities as a director: Richard W. Dugan, Christopher Mirabelli, Ph.D., and Jean George.

Board of Directors Meetings and Attendance

The board of directors has responsibility for establishing broad corporate policies and reviewing our overall performance rather than day-to-day operations. The primary responsibility of our board of directors is to oversee our management and, in doing so, to serve our best interests and the best interests of our stockholders. The board of directors selects, evaluates and provides for the succession of executive officers and, subject to stockholder election, directors. It reviews and approves corporate objectives and strategies, and evaluates significant policies and proposed major commitments of corporate resources. Our board of directors also participates in decisions that have a potential major economic impact on us. Management keeps the directors informed of our activity through regular communication, including written reports and presentations at board of directors and committee meetings.

Our board of directors met 28 times during the fiscal year ended December 31, 2008, either in person or by teleconference. During 2008, each of our current directors attended at least 75% of the aggregate of the total number of board meetings held during the period each has been a director and the total number of meetings held by all committees on which each director then served.

We have no formal policy regarding director attendance at the annual meeting of stockholders, although all directors are expected to attend the annual meeting of stockholders if they are able to do so. None of our current directors attended our 2008 annual meeting of stockholders since none of our current directors were serving as directors on the date of our 2008 annual meeting.

Board Committees

Our board of directors has established three standing committees: the Audit Committee, the Compensation Committee and a Nominating and Corporate Governance Committee. The members of each committee are appointed by our board of directors, upon the recommendation of the Nominating and Corporate Governance Committee, and serve one-year terms. Each of these committees operates under a charter that has been approved by the board of directors. We have posted current copies of each committee's charter on the Corporate Governance section of our website, which can be found at www.crtx.com in the Investors section under Corporate Governance.

The board of directors has determined that all of the members of each of the board's three standing committees are independent as defined under NASDAQ rules, and, in the case of all members of the Audit Committee, that they meet the additional independence requirements of Rule 10A-3 under the Securities Exchange Act of 1934.

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Audit Committee

The Audit Committee's responsibilities include:

appointing, approving the compensation of and assessing the independence of our registered public accounting firm;

overseeing the work of our independent registered public accounting firm, including through the receipt and consideration of reports from the independent registered public accounting firm;

reviewing and discussing with management and the independent registered public accounting firm our annual and quarterly financial statements and related disclosures;

monitoring our internal control over financial reporting, disclosure controls and procedures and code of business conduct and ethics;

establishing policies regarding hiring employees from the independent registered public accounting firm and procedures for the receipt and retention of accounting-related complaints and concerns;