Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **April 27, 2009**

QUESTCOR PHARMACEUTICALS, INC.

(Exact Name of Registrant as Specified in Charter)

California	**001-14758**	**33-0476164**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

3260 Whipple Road, Union City, California	**94587**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: **(510) 400-0700**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

TABLE OF CONTENTS

Item 2.02. Results of Operations and Financial Condition
Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers
Item 7.01 Regulation FD Disclosure
Item 9.01. Financial Statements and Exhibits
SIGNATURE
EXHIBIT INDEX
EX-10.1
EX-99.1

Table of Contents

Item 2.02. Results of Operations and Financial Condition.

On April 28, 2009, Questcor Pharmaceuticals, Inc. (the "Company") announced via press release its results for the quarter ended March 31, 2009. A copy of the Company's press release is attached hereto as Exhibit 99.1.

In accordance with General Instruction B.2. of Form 8-K, the information in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On April 27, 2009, the Company entered into a new employment agreement with Dr. Steven Halladay, the Company's Senior Vice President of Clinical and Regulatory Affairs (the "Transition Agreement"). Dr. Halladay resides in Tucson, Arizona and has been commuting to the Company's location in Northern California for the past 2 ½ years.

Pursuant to the terms of the Transition Agreement, Dr. Halladay has agreed to continue working in his current capacity for a period of six (6) months as a part-time employee of the Company. The Transition Agreement provides compensation during the six (6) month period of $20,256.66 per month, continuation of benefits and continued stock option vesting. The Transition Agreement also provides for severance to be paid to Dr. Halladay at the end of his part-time employment in the amount of $30,385. In addition, if Dr. Halladay completes the six (6) month term of employment, he is eligible to receive a bonus of $75,000 if the Company is successful with respect to its supplemental New Drug Application for Acthar for the treatment of infantile spasms. The description of the Transition Agreement is qualified in its entirety by reference to the copy of the transition agreement attached hereto as Exhibit 10.1 and incorporated herein by reference.

Item 7.01 Regulation FD Disclosure.

The information disclosed in item 2.02 is incorporated herein by this reference.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits.

Exhibit No.	Description
10.1	Transition Agreement, dated as of April 27, 2009, by and between the Company and Dr. Steven Halladay.
99.1	Questcor Pharmaceuticals, Inc. press release dated April 28, 2009.

Table of Contents

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 29, 2009

QUESTCOR PHARMACEUTICALS, INC.

By: /s/ Gary Sawka
Gary Sawka
Senior Vice President, Finance and Chief Financial Officer

Table of Contents

EXHIBIT INDEX

Exhibit No.	Description
10.1	Transition Agreement, dated as of April 27, 2009, by and between the Company and Dr. Steven Halladay.
99.1	Questcor Pharmaceuticals, Inc. press release dated April 28, 2009.

Exhibit 10.1

April 27, 2009

Dr. Steven C Halladay
Questcor Pharmaceuticals, Inc.
3260 Whipple Road
Union City, CA 94587

Re: Transition Agreement VIA HAND DELIVERY

Dear Dr. Halladay:

This letter agreement ("Agreement") sets forth the terms of your change in status from your current role as a full-time employee of Questcor Pharmaceuticals, Inc. (the "Company") to a new role as a part-time employee of the Company for a six month transition period:

1. Transition Date. May 1, 2009 will be designated as your transition date (the "Transition Date"). Until the Transition Date, you shall continue to use your best efforts to perform your currently assigned duties and responsibilities. During your continued full-time employment through the Transition Date, you will receive your regular base salary and continue in the benefits programs which you are currently enrolled. The Company will also reimburse you, in accordance with its standard practices, for any expenses incurred in the performance of your currently assigned duties and responsibilities that are currently in place at Questcor. Of course, you must continue to comply with all of the Company's policies and procedures during your continued employment.

2. Post-Transition Date. On the Transition Date, you will continue to be an employee and an officer of the Company under the terms set forth in this Agreement. Your title will remain the same, but nothing in this Agreement or any other agreement between you and the Company shall limit the Company's ability to hire one or more persons to perform the same or similar functions that you currently perform or the functions set forth on Schedule 1. You agree to work part-time (less than 30 hours per week) and your compensation will be a gross amount of $20,256.66 per month ($10,128.33 gross semi-monthly) less all applicable payroll deductions and withholdings. This compensation shall be paid to you semi-monthly on the Company's regular payroll dates. The Company will also reimburse you, in accordance with its standard practices, for any expenses incurred in the performance of your post-Transition Date duties and responsibilities. The term of your post-Transition Date employment will be for a period (the "Transition Period") commencing on the Transition Date and ending on the "Transition Ending Date" which shall be the date that is: (a) six months after the Transition Date; (b) if you become employed for 32 hours or more per week by any other employer, whether or not a competitor of the Company, before the six month anniversary of the Transition Date, the day before your employment with that other employer starts, or (c) the date the Company ends the Transition Period in accordance with Paragraph 9(b) of this Agreement. A description of your duties and responsibilities during the Transition Period is set forth on Schedule 1. All duties and responsibilities assigned during the Transition Period may be conducted from either of your homes or from our offices in Union City.

3. Continued Vesting. All of your grants under the Company's 2006 Equity Incentive Award Plan (the "2006 Plan") are set forth on Schedule 2. As a result of your continuous service as an employee, all your stock options to purchase the Company's Common Stock shall continue to vest until the Transition Ending Date. After the Transition Ending Date, in accordance with your stock

SCHEDULE 1

option agreements (the "Option Agreements") and the 2006 Plan, you will have ninety (90) days to exercise your vested stock options, subject to certain exceptions as set forth in the Option Agreements and the 2006 Plan. Unless a Change of Control occurs during the Transition Period as provided in the Change of Control agreement dated on October 16, 2006, upon the Transition Ending Date, all of your unvested stock options will terminate immediately. For purposes of clarification, since your title will not change during the Transition Period, you will continue to be an "executive officer" of the Company under Section 16 of the Securities Exchange Act of 1934. Additionally, you will continue to be subject to the Company's Insider Trading Compliance Program.

4. Other Benefits. Until the Transition Ending Date, you will be eligible to participate in all the Company's benefits plans to which you are currently entitled, including, but not limited to, medical, dental and vision insurance, as well as life, accidental death and disability insurance and Exec-U-Care program. You will continue to accrue paid vacation at your current rate during the Transition Period and will receive regular paid holidays. Until the Transition Ending Date, you will also continue to be eligible to participate in the Company's 401(k) Plan, Section 529 College Savings Program and Employee Stock Purchase Plan. As required, you will be covered under the provisions of COBRA during the Transition Period and the Company will cover your COBRA insurance payments if any during the period of time in which you are an active, part-time employee.

5. Accrued Salary and Vacation. You will continue to receive regular pay on the Company's regular paydays during the Transition Period as provided in Paragraph 2. On the Transition Ending Date, the Company will pay you for all accrued but unpaid salary and all accrued and unused vacation earned through the Transition Ending Date, subject to standard payroll deductions and withholdings. The Company will also pay you for any approved expenses incurred but not yet paid as of the Transition Ending Date. You are entitled to these payments by law.

6. Transition Ending Date Benefits. If you: (a) timely sign and date this Agreement; (b) allow it to become effective and fully perform under its terms, (c) sign and date the Transition Ending Date Release attached hereto as Exhibit A on or within 21 days after the Transition Ending Date, and (d) allow the Transition Ending Date Release to become effective and do not revoke it; then after your Transition Ending Date, the Company will pay you the sum of $30,385. However, in the event that the Transition Ending Date is less than six months from the Transition Date because you became Re-employed with another company as provided in Paragraphs 2 and 9(a), then the Company will pay you a pro rata portion of the $30,385 based on the total number of days you worked during the Transition Period. The Transition Ending Date payment shall be made on the 8th day following your execution Exhibit A, provided you have not revoked the Transition Ending Date release within the revocation period provided by law.

7. Approval Bonus. If (a) you remain employed with Questcor through October 31, 2009 (the six month anniversary of the Transition Date), (b) you are involuntarily terminated by operation of your submitting a binding request to Questcor to extend the term of this Agreement pursuant to Section 14 and Questcor not accepting such request to extend the term, and (c) Questcor receives a letter from the FDA indicating that by December 31, 2010 (1) Acthar NDA 22-432 Supplement for Infantile Spasm (IS) is approved as of the date of the letter from the FDA, and (2) Questcor can initiate marketing of Acthar for IS subject only to submission of final printed labeling (FPL), then you will receive an additional bonus of $75,000 subject to applicable withholding (the "Approval Bonus"). Payment of the Approval Bonus shall be made within 30 days of the date that conditions (1) and (2) immediately above are both met; provided however that the payment of any amount pursuant to this Paragraph 7 shall be delayed as necessary until such time as you have also

undergone a “Separation from Service” as defined in Treas. Reg. 1.409A-1(h), but in no event shall any payment pursuant to this Paragraph 7 be made later than 14 months after the date of such Separation from Service.

8. Proprietary Information and Inventions. You agree that the Proprietary Information and Inventions Agreement between you and the Company (the “Proprietary Information Agreement” shall remain in full force and effect following the date of this Agreement and the Transition Ending Date in accordance with its terms.

9. Other Work Activities.

(a) You have no duty to mitigate any compensation you receive from this Agreement. Throughout the Transition Period, you may engage in employment, consulting, or other work relationships in addition to your work for the Company, provided that such other employment, consulting, or work relationships do not interfere with your continuing obligations to the Company or otherwise create a conflict of interest with the Company. The Company will make reasonable arrangements to enable you to perform your work for the Company at such times and in such a manner so that it will not interfere with other activities in which you may engage. Notwithstanding the foregoing, in the event you are employed by a third party as a consultant or as an employee for 32 or more hours per week (“Re-employment”), you agree to notify the Company in writing. If this Re-employment occurs, then your Transition Ending Date shall be the day before that Re-employment starts.

(b) In order to protect the trade secrets and confidential and proprietary information of the Company, you agree that, during the Transition Period, you will notify the Company, in writing, before you obtain competitive employment, perform competitive work for any business entity, or engage in any other work activity which you reasonably believe is or may be competitive with the Company. You also agree to, and you will obtain the Company’s written consent before engaging in any such activity which you reasonably believe may constitute competitive activity. If you engage in such competitive activity during the Transition Period without the Company’s prior written consent, or otherwise breach a material term of this Agreement (which, for purposes of clarity, shall include your obligation to provide notice of Re-employment under Paragraph 9(a)) or a material term of the Proprietary Information Agreement, then, in addition to any other remedies, the Company may end the Transition Period, and shall pay you all accrued but unpaid salary and vacation as of the end of the Transition Period. You shall not be entitled to any further payments under Paragraph 6 of this Agreement. However, the Change of Control Agreements dated October 16, 2006 and amended December 17, 2008 (“Change in Control Agreement”) previously executed by you shall remain in effect solely as they may relate to any Change in Control occurring prior to the Transition Ending Date.

10. Other Compensation or Benefits.

(a) General Compensation or Benefits. You acknowledge that, except as expressly provided in this Agreement, you are not entitled to receive and will not receive from the Company any additional compensation or benefits, including but not limited to salary, bonuses, severance, or employee benefits either during your continued employment or after the Transition Ending Date. By way of example, but not limitation, you acknowledge and agree that you are not eligible for any bonus compensation for 2009, and upon the termination of your employment on the Transition Ending Date, you will not be entitled to receive any severance pay notwithstanding the

terms of that certain Severance Agreement between you and the Company dated October 16, 2006 and later amended in an agreement dated December 17, 2008, both of these agreements are hereby terminated and of no further force or effect, and you hereby waive any right to any compensation or benefits under these agreements.

(b) Change in Control Compensation or Benefits. From the date of this Agreement up until and including your Transition Ending Date, you shall be entitled to receive any Change in Control benefits to which you become entitled during such period pursuant to the terms of your Change in Control Agreement dated October 16, 2006 and amended December 17, 2008 ("Change in Control Agreement").

11. Return of Company Property. You agree to return to the Company, on the Transition Ending Date or earlier if requested by the Company, all Company documents (and all copies thereof) and other property of the Company in your possession or control. You agree that you will make a diligent and timely search to locate any such documents, property and information. In addition, if you have used any personally owned computer, server, or e-mail system to receive, store, review, prepare or transmit any Company confidential or proprietary data, materials or information, then you agree to provide the Company, no later than the Transition Ending Date, with a computer-useable copy of all such information and then permanently delete and expunge such Company confidential or proprietary information from those systems without retaining any reproductions (in whole or in part); and you agree to provide the Company access to your system as requested to verify that the necessary copying and/or deletion is done. Your timely compliance with this Section 10 is a precondition to your eligibility for the Transition Ending Date Benefits.

12. Nonsolicitation. In order to protect the trade secrets and confidential and proprietary information of the Company, you agree that during your continued employment, and for one year following the Transition Ending Date, you will not, either directly or through others, solicit or attempt to solicit any employee of the Company to terminate his or her relationship with the Company in order to become an employee, consultant or independent contractor to or for any other person or entity.

13. Nondisparagement. You agree not to disparage the Company or the Company's officers, directors, employees, shareholders, parents, subsidiaries, affiliates, and agents, in any manner likely to be harmful to them or their business, business reputation or personal reputation and the Company agrees not to disparage you in any manner likely to be harmful to your business, business reputation or personal reputation; provided that the parties may respond accurately and fully to any question, inquiry or request for information when required by legal process.

14. Extension and Termination. This agreement shall continue until the Transition Ending Date. In the event the parties elect to extend the Transition Period beyond November 1, 2009, they may do so by entering into a separate written agreement.

15. Release.

(a) General Release. In exchange for the consideration provided by this Agreement that both you and the Company are not otherwise entitled to receive, and for the mutual promises contained herein, you and the Company hereby generally and completely release, acquit and forever discharge each other, along with each other's predecessors and successors and their respective directors, officers, employees, shareholders, partners, agents, attorneys, insurers, affiliates

and assigns (collectively, the "Released Parties"), of and from any and all claims, liabilities and obligations, both known and unknown, that arise from or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date that you sign this Agreement (collectively, the "Released Claims").

(b) Scope of Release. The Released Claims include, but are not limited to: (a) all claims arising out of or in any way related to your employment with the Company, or the termination of that employment; (b) all claims related to your compensation or benefits from the Company, including salary, bonuses, commissions, other incentive compensation, severance payments, fringe benefits, or any other ownership or equity interests in the Company (excluding those provided in Paragraph 15(c) below); (c) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (d) all tort claims, including but not limited to claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (e) all federal, state, and local statutory claims, including but not limited to claims for discrimination, harassment, retaliation, attorneys' fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990 (as amended), the federal Age Discrimination in Employment Act of 1967 (as amended) (the "ADEA"), and the California Fair Employment and Housing Act (as amended).

(c) Exceptions. Notwithstanding the foregoing, the following are not included in the Released Claims (the "Excluded Claims"):

(i) any rights or claims for indemnification you may have pursuant to any written indemnification agreement with the Company to which you are a party, the charter, bylaws, or operating agreements of the Company, by virtue of any insurance policy or under applicable law;

(ii) any rights which are not waivable as a matter of law;

(iii) the Change of Control agreement dated October 16, 2006 and the Amendment to Change of Control Agreement dated February 13, 2007;

(iv) any rights you have under (i) the 2006 Stock Option Plan; (ii) the Non-Statutory Stock Option Agreement and (iii) the Incentive Stock Option Agreements you signed;

(v) any rights you have to employment or disability benefits, or to COBRA; or

(vi) any claims arising from the breach of this Agreement.

(vii) In addition, nothing in this Agreement prevents you from filing, cooperating with, or participating in any investigation or proceeding before the Equal Employment Opportunity Commission, the Department of Labor, the California Department of Fair Employment and Housing, or any other government agency, except that you hereby waive your right to any monetary benefits in connection with any such claim, charge, investigation or proceeding. You hereby represent and warrant that, other than the Excluded Claims, you are not aware of any claims you have or might have against any of the Released Parties that are not included in the Released Claims.

16. ADEA Waiver. You hereby acknowledge that you are knowingly and voluntarily waiving and releasing any rights you may have under the ADEA, and that the consideration given for the waiver and release you have given in this Agreement is in addition to anything of value to which you were already entitled. You further acknowledge that: (a) your waiver and release do not apply to any rights or claims that may arise after the date you sign this Agreement; (b) you should consult with an attorney prior to signing this Agreement (although you may voluntarily decide not to do so); (c) you have twenty-one (21) days to consider this Agreement (although you may choose voluntarily to sign this Agreement sooner); (d) you have seven (7) days following the date you sign this Agreement to revoke this Agreement (in a written revocation sent to and received by the Company's Chief Executive Officer); and (e) this Agreement will not be effective until the date upon which the revocation period has expired, which will be the eighth day after you sign this Agreement, provided that you do not revoke it (the "Effective Date").

17. Section 1542 Waiver. In giving the release herein, which includes claims which may be unknown to you at present, you acknowledge that you have read and understand Section 1542 of the California Civil Code, which reads as follows:

> **A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.**

For the purpose of implementing a full and complete release and discharge of the Released Parties, you hereby expressly waive and relinquish all rights and benefits under that section and any law or legal principle of similar effect in any jurisdiction with respect to your release of claims in this Agreement, including your release of unknown and unsuspected claims.

18. Entire Agreement. Nothing in this Agreement shall affect the terms of the Indemnification Agreement you entered into with the Company on October 16, 2006, which shall continue in full force and effect. All of your initial offer letter, your Severance Agreement dated October 16, 2006 and the subsequent Severance Agreement that was amended on December 17, 2008 are completely superseded by this Agreement and are no longer of any force or effect. Except as expressly stated above, this Agreement, including all exhibits, and the documents anticipated by this Agreement, constitute the complete, final and exclusive embodiment of the entire agreement between you and the Company with regard to the subject matter hereof. This Agreement supersedes any and all other agreements, whether oral, implied or written, between you and the Company on its subject matter. It is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein. It may not be modified except in a written agreement approved by the Board and signed by you and a duly authorized officer of the Company. Each party has carefully read this Agreement, has been afforded the opportunity to be advised of its meaning and consequences by his or its respective attorneys, and signed the same of his or its own free will. Any ambiguity in this Agreement shall not be construed against either party as the drafter.

19. Successors and Assigns. This Agreement will bind the heirs, personal representatives, successors, assigns, executors and administrators of each party, and will inure to the benefit of each party, its heirs, successors and assigns.

20. Applicable Law. This Agreement will be deemed to have been entered into and will be construed and enforced in accordance with the laws of the State of California without regard to

conflict of laws principles. The parties agree that venue for any legal action relating to this Agreement will be Alameda County, California.

21. Severability; Waiver of Breach. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, this determination will not affect any other provision of this Agreement and the provision in question shall be deemed modified so as to be rendered enforceable in a manner consistent with the intent of the parties, insofar as possible under applicable law. Any waiver of a breach of this Agreement, or rights hereunder, shall be in writing and shall not be deemed to be a waiver of any successive breach or rights hereunder.

22. Counterparts. This Agreement may be executed in two counterparts, each of which will be deemed an original, all of which together constitutes one and the same instrument. Facsimile signatures are as effective as original signatures.

23. Section 409A Provisions. Notwithstanding any provision herein to the contrary, all payments required to be made by Questcor to you pursuant to this Agreement (other than payments of the Approval Bonus under Section 7) shall be made by March 15, 2010. The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. The Company and you agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to you under Section 409A.

24. Attorney's Fees. If any action is brought to enforce the terms of this Agreement, the prevailing party will be entitled to recover its reasonable attorneys' fees, costs and expenses from the other party, in addition to any other relief to which the prevailing party may be entitled.

If this Agreement is acceptable to you, please sign below within twenty-one (21) days of your receipt of this Agreement, and return the fully signed original to me. If you do not sign this Agreement within the aforementioned timeframe and promptly return it to me, or if you sign this Agreement but then timely revoke this Agreement under Paragraph 14 above, then this Agreement will be of no force or effect.

We wish you the best and look forward to continuing to work with you prior to and during the Transition Period.

Sincerely,

QUESTCOR PHARMACEUTICALS, INC.

By: /S/ Don M. Bailey
Don Bailey
President & Chief Executive Officer

UNDERSTOOD AND AGREED:

/S/ Steven C. Halladay
Steven C Halladay

Date: April 27, 2009

Exhibit 99.1

QUESTCOR REPORTS FIRST QUARTER 2009 RESULTS

UNION CITY, Calif. — April 28, 2009 — Questcor Pharmaceuticals, Inc. (Nasdaq: QCOR) today reported financial results for the first quarter ended March 31, 2009. Net sales for the first quarter of 2009 totaled $23.3 million compared to $19.1 million for the same period of 2008. Net income applicable to common shareholders for the first quarter of 2009 was $7.7 million, or $0.11 per diluted common share, compared to $1.3 million, or $0.02 per diluted common share. During the first quarter of 2008, the Company completed the repurchase of all remaining shares of its Series A Preferred Stock, and as a result recorded a one-time, after-tax deemed dividend of $5.2 million or $0.07 per diluted common share; excluding that one-time item, first quarter of 2008 earnings would have been $0.09 per diluted common share.

“Our first quarter results reflect a sizable increase in new infantile spasms (IS) and multiple sclerosis (MS) prescriptions compared to the first quarter of 2008,” said Don M. Bailey, President and CEO. “Additionally, we executed our previously announced MS sales force expansion plan during the quarter, not only hiring and training our expanded sales force but also completing all territory realignments. While new MS prescriptions shipped in the first quarter of this year more than tripled from the first quarter of 2008, as expected, MS sales in this year’s first quarter were similar to those in the fourth quarter of 2008.”

Mr. Bailey continued, “During the quarter, we submitted our supplemental New Drug Application (sNDA) to add the treatment of infantile spasms to the Acthar® Gel (Acthar) label. We look forward to working with the FDA on this important submission. In addition, we continued to generate strong cash flow from operations, which funds our research and our patient assistance programs, as well as our sales force expansion and stock buyback program. We repurchased 1.3 million shares during the quarter and had approximately one dollar per share in cash, cash equivalents and short-term investments as of March 31, 2009.”

First Quarter Operating Highlights:

- Shipped 1,429 vials of Acthar to Questcor’s specialty distributor during the first quarter of 2009. These shipments compare to fourth quarter 2008 shipments of 1,510 vials and first quarter 2008 shipments of 1,260 vials.
- Submitted the sNDA to the FDA seeking approval to add the treatment of infantile spasms to the Acthar label.
- Completed the expansion of the sales force to 30 sales representatives plus managers. In April all sales personnel began calling on physicians who treat MS flares.
- Continued pursuit of the nephrology market. A leading medical institution began enrolling patients in a study using Acthar to treat nephrotic syndrome, a condition characterized by excessive loss of protein from the kidneys into the urine that can lead to serious consequences, including end stage renal disease. This condition is already in the labeling for Acthar. Preliminary results from this dosing study are expected to be available in early 2010.
- Continued to invest in additional research to better understand the therapeutic benefit of Acthar in current and new therapeutic applications, which may potentially expand the total number of patients who could benefit from treatment with Acthar. More than a dozen clinical and pre-clinical studies are expected to begin by the end of 2009.

- Continued to support the Acthar patient assistance programs, administered by the National Organization for Rare Disorders (NORD). These and other support programs have now provided both co-pay financial assistance and free drug with commercial value of over $26 million to patients since September 2007.

Financial Condition and Share Repurchase Program

At March 31, 2009, Questcor's cash, cash equivalents and short-term investments totaled approximately $61.1 million, and accounts receivable totaled $8.9 million. The Company's short-term investments are comprised of high quality credit instruments including foreign guaranteed bank debt, U.S. government agency instruments and commercial paper.

During the first three months of 2009, Questcor generated approximately $12.1 million in cash from operations. The Company used $6.8 million to repurchase 1.3 million shares of common stock in open market transactions under the Company's share repurchase program. As of March 31, 2009, the Company had 2.2 million shares remaining under this program.

Medicaid Rebates and Government Chargebacks

A portion of Acthar sales is for patients covered under Medicaid and other government-related programs. As required by Federal regulations, Questcor provides rebates related to product dispensed to Medicaid patients. In addition, certain other government-supported agencies are permitted to purchase Acthar for a nominal amount from Questcor's specialty distributor, which then charges the discount back to Questcor. These rebates and chargebacks are estimated by Questcor each quarter and are deducted from gross sales in the determination of Questcor's net sales.

The rebate requests for a quarter are generally received and paid in the subsequent quarter. A greater percentage of infants than adults are eligible for Medicaid, which results in fewer MS patients than IS patients participating in the Medicaid program. As a result of the increased proportion of MS to IS prescriptions in the first quarter, the Medicaid rebate amounts as a percentage of gross sales were 26% in the first quarter of 2009 compared to 28% for the first quarter of 2008. However, Questcor estimated a higher level of Medicaid usage in the first quarter of 2009 than in the fourth quarter of 2008 due to higher utilization of Medicaid among IS patients in this year's first quarter.

Income Taxes

The Company's first quarter 2009 effective tax rate for financial reporting purposes was approximately 37.4%, versus approximately 41% for the first quarter of 2008.

Regulatory Activity and Product Development

Acthar is currently approved in the U.S. for the treatment of MS exacerbations, nephrotic syndrome and many other conditions. Acthar is not approved in the U.S. for the treatment of IS, a potentially life-threatening disorder that typically begins in the first year of life. However, pursuant to guidelines published by the American Academy of Neurology and the Child Neurology Society, many child neurologists use Acthar to treat infants afflicted with this condition.

Questcor is currently pursuing FDA approval for Acthar in the treatment of IS. Previously, the FDA granted Orphan Designation to Acthar for the treatment of IS. As a result of this Orphan Designation, if Questcor is successful in obtaining FDA approval for the IS indication, Questcor believes that it will also qualify for a seven-year exclusivity period during which the FDA is prohibited from approving any other adrenocorticotropic hormone (ACTH) formulation for IS unless the other formulation is demonstrated to be clinically superior to Acthar. Questcor submitted its sNDA on March 13, 2009.

Mr. Bailey added, "Our previous decision to focus on Acthar has prompted the creation of a new position, Chief Medical Officer (CMO), and the restructuring of our clinical and regulatory department. While we search for a permanent CMO to join our leadership team, Carol Braun Trapnell, MD joined us in April as acting Chief Medical Officer. Dr. Trapnell's primary responsibility will be interacting with the Food and Drug Administration (FDA) regarding our sNDA submission. Dr. Trapnell has been consulting with us on the submission for the past few months and brings over 20 years of experience in drug development, which includes more than a decade of experience reviewing regulatory submissions during her tenure at the FDA. Dr. Steven Halladay, our senior vice president of clinical and regulatory affairs, who was instrumental in the preparation of the sNDA, will remain actively involved on this project supporting Dr. Trapnell."

2009 Outlook

"Due to the expansion of our sales and marketing effort in the MS market, and the expansion of our research support for Acthar, we continue to expect to significantly increase our operating expenses during 2009 as compared to 2008. This investment is positioning Questcor to capitalize on the MS and other growth opportunities in future years," added Mr. Bailey. "As expected, MS prescription activity in the first quarter was similar to the activity in the fourth quarter of 2008 as we engaged in a significant sales force expansion and training effort and realigned our sales territories. We are anticipating that MS sales will grow throughout the remainder of the year as our new sales team gradually becomes fully productive. However, many factors may impact the actual sales levels, operating income, and net income that we achieve in 2009."

For the year ending December 31, 2009, the Company is reiterating the following operating metric guidance that was, except for the share count forecast, originally provided on February 24, 2009:

- Overall gross margin of approximately 92% to 94%.
- Sales, general and administrative expense of approximately $33 million to $36 million, which includes all marketing expenses but excludes non-cash FAS 123R stock-based compensation expense. This significant increase from 2008 is due to an expanding sales force and a robust marketing program for MS.
- Research and development expenses of approximately $11 million to $13 million (excluding non-cash FAS 123R stock-based compensation expense).
- Non-cash FAS 123R stock-based compensation expense of approximately $3 million to $4 million.
- For financial reporting purposes, income tax expense will be recorded at a combined federal and state tax rate of approximately 36% to 40%.
- Diluted weighted average shares of 68 million to 71 million. These amounts include the impact of repurchases during first quarter of 2009 of common stock under Questcor's stock repurchase plan but do not include an estimate of any future repurchases of common stock by Questcor.

Conference Call Details

The Company will host a conference call today to discuss these results at 4:30 p.m. ET. Don Bailey, President and Chief Executive Officer; Steve Cartt, Executive Vice President, Corporate Development; Dave Medeiros, Senior Vice President, Pharmaceutical Operations; and Gary Sawka, Senior Vice President, Finance and Chief Financial Officer will host the call.

To participate in the live call by telephone, please dial 800-257-1836 from the U.S. or 303-262-2141 from outside the U.S. Participants are asked to call the above numbers 5-10 minutes prior to the starting time. The call will also be webcast live at www.questcor.com. An audio replay of the call will be available for 7 days following the call. This replay can be accessed by dialing 800-405-2236 for domestic callers and 303-590-3000 for international callers, both using passcode 11130428#. An archived webcast will also be available at www.questcor.com for 90 days.

About Questcor

Questcor Pharmaceuticals, Inc. is a pharmaceutical company that markets two commercial products, H.P. Acthar® Gel ("Acthar") and Doral®. Acthar (repository corticotropin injection) is an injectable drug that is approved for the treatment of certain disorders with an inflammatory component, including the treatment of exacerbations associated with multiple sclerosis ("MS") and to induce a diuresis or a remission of proteinuria in the nephrotic syndrome without uremia of the idiopathic type or that is due to lupus erythamatosus. In addition, Acthar is not indicated for, but is used in treating patients with infantile spasms ("IS"), a rare form of refractory childhood epilepsy, and opsoclonus myoclonus syndrome, a rare autoimmune-related childhood neurological disorder. Questcor also markets Doral® (quazepam), which is indicated for the treatment of insomnia characterized by difficulty in falling asleep, frequent nocturnal awakenings, and/or early morning awakenings. For more information, please visit www.questcor.com.

Note: Except for the historical information contained herein, this press release contains forward-looking statements that have been made pursuant to the Private Securities Litigation Reform Act of 1995. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "if," "should," "forecasts," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential," or "continue" or the negative of such terms and other comparable terminology. These statements are only predictions. Actual events or results may differ materially. Factors that could cause or contribute to such differences include, but are not limited to, the following:

- Questcor's ability to continue to successfully implement its Acthar-centric business strategy, including its expansion in the MS marketplace;
- Questcor's ability to manage its sales force expansion;
- FDA approval of and the market introduction of competitive products and our inability to market Acthar in IS prior to approval of IS as a labeled indication;
- Questcor's ability to operate within an industry that is highly regulated at both the Federal and state level;
- Regulatory changes or actions including Federal or State health care reform initiatives;
- Questcor's ability to accurately forecast the demand for its products;
- The gross margin achieved from the sale of its products;
- Questcor's ability to estimate the quantity of Acthar used by government entities and Medicaid-eligible patients;

- That the actual amount of rebates and chargebacks related to the use of Acthar by government entities and Medicaid-eligible patients may differ materially from Questcor's estimates;
- Its expenses and other cash needs for upcoming periods;
- The inventories carried by Questcor's distributors, specialty pharmacies and hospitals;
- Volatility in Questcor's monthly and quarterly Acthar shipments and end-user demand;
- Questcor's ability to obtain finished goods from its sole source contract manufacturers on a timely basis if at all;
- Questcor's ability to attract and retain key management personnel;
- Questcor's ability to utilize its NOLs to reduce income taxes on taxable income;
- Research and development risks, including risks associated with Questcor's sNDA for IS and its preliminary work in the area of nephrotic syndrome;
- Uncertainties regarding Questcor's intellectual property;
- The uncertainty of receiving required regulatory approvals in a timely way, or at all;
- Uncertainties in the credit and capital markets and the impact a further deterioration of these markets could have on Questcor's investment portfolio;
- As well as the risks discussed in Questcor's annual report on Form 10-K for the year ended December 31, 2008 and other documents filed with the Securities and Exchange Commission. The risk factors and other information contained in these documents should be considered in evaluating Questcor's prospects and future financial performance.

Questcor undertakes no obligation to publicly release the result of any revisions to these forward-looking statements, which may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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Questcor Pharmaceuticals, Inc.
Consolidated Statements of Income
(In thousands, except per share amounts)

	Three Months Ended March 31,	
	2009	2008
Net sales	$ 23,298	$ 19,132
Cost of sales (exclusive of amortization of purchased technology)	1,510	1,319
Gross profit	21,788	17,813
Gross margin	94%	93%
Operating expenses:		
Selling, general and administrative	7,253	5,066
Research and development	2,456	1,971
Depreciation and amortization	118	122
Total operating expenses	9,827	7,159
Income from operations	11,961	10,654
Other income:		
Interest income	267	364
Other income, net	1	11
Gain on sale of product line	25	—
Total other income	293	375
Income before income taxes	12,254	11,029
Income tax expense	4,580	4,488
Net income	7,674	6,541
Deemed dividend on Series A preferred stock	—	5,267
Net income applicable to common shareholders	$ 7,674	$ 1,274
Net income per share applicable to common shareholders:		
Basic	$ 0.12	$ 0.02
Diluted	$ 0.11	$ 0.02
Shares used in computing net income per share applicable to common shareholders:		
Basic	65,498	69,946
Diluted	67,963	74,103

Questcor Pharmaceuticals, Inc.
Consolidated Balance Sheets
(In thousands, except share amounts)

	March 31, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 9,661	$ 13,282
Short-term investments	51,399	42,169
Total cash, cash equivalents and short-term investments	61,060	55,451
Accounts receivable, net of allowance for doubtful accounts of $46 and $62 at March 31, 2009 and December 31, 2008, respectively	8,853	10,418
Inventories, net	2,487	2,459
Prepaid income taxes	356	3,316
Prepaid expenses and other current assets	1,219	1,101
Deferred tax assets	6,154	6,252
Total current assets	80,129	78,997
Property and equipment, net	435	450
Purchased technology, net	3,595	3,669
Goodwill	299	299
Deposits and other assets	710	710
Deferred tax assets	5,021	5,021
Total assets	$ 90,189	$ 89,146
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 4,303	$ 4,302
Accrued compensation	966	1,896
Sales-related reserves	12,332	11,825
Other accrued liabilities	1,152	1,702
Total current liabilities	18,753	19,725
Lease termination and deferred rent liabilities	1,424	1,500
Other non-current liabilities	27	29
Total liabilities	20,204	21,254
Shareholders' equity:		
Preferred stock, no par value, 7,500,000 shares authorized; none outstanding	—	—
Common stock, no par value, 105,000,000 shares authorized; 64,610,130 and 65,970,653 shares issued and outstanding at March 31, 2009 and December 31, 2008, respectively	78,552	84,028
Accumulated deficit	(8,731)	(16,405)
Accumulated other comprehensive income	164	269
Total shareholders' equity	69,985	67,892
Total liabilities and shareholders' equity	$ 90,189	$ 89,146

Questcor Pharmaceuticals, Inc.
Consolidated Statements of Cash Flows
(In thousands)

	Three Months Ended March 31,	
	2009	2008
OPERATING ACTIVITIES		
Net income	$ 7,674	$ 6,541
Adjustments to reconcile net income to net cash provided by operating activities:		
Share-based compensation expense	1,045	1,933
Deferred income taxes	—	4,488
Amortization of investments	(43)	(209)
Depreciation and amortization	118	122
Gain on sale of product line	(25)	—
Changes in operating assets and liabilities:		
Accounts receivable	1,565	5,745
Inventories	(28)	17
Prepaid income taxes	2,960	(366)
Prepaid expenses and other current assets	(118)	(378)
Accounts payable	1	971
Accrued compensation	(930)	(1,162)
Sales-related reserves	507	1,831
Income taxes payable	—	(1,303)
Other accrued liabilities	(550)	(316)
Other non-current liabilities	(78)	(147)
Net cash flows provided by operating activities	12,098	17,767
INVESTING ACTIVITIES		
Purchase of property and equipment	(29)	(6)
Purchase of short-term investments	(24,193)	(13,341)
Proceeds from the sale and maturities of short-term investments	15,000	6,186
Proceeds from sale of product line	25	—
Changes in deposits and other assets	—	(4)
Net cash flows used in investing activities	(9,197)	(7,165)
FINANCING ACTIVITIES		
Issuance of common stock, net	250	378
Repurchase of Series A preferred stock	—	(10,348)
Repurchase of common stock	(6,772)	(6,201)
Net cash flows used in financing activities	(6,522)	(16,171)
Decrease in cash and cash equivalents	(3,621)	(5,569)
Cash and cash equivalents at beginning of period	13,282	15,939
Cash and cash equivalents at end of period	$ 9,661	$ 10,370