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): October 23, 2012

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.)**

1300 Kellogg Drive, Suite D, Anaheim, California	**92807**
(Address of Principal Executive Offices)	**(Zip Code)**

Registrant's telephone number, including area code: (714) 786-4200

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:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operation and Financial Condition.

On October 23, 2012, Questcor Pharmaceuticals, Inc. (the "Company") announced via press release certain operating and financial results for the quarter ended September 30, 2012. A copy of the Company's press release is attached hereto as Exhibit 99.1.

Also on October 23, 2012, the Company held a conference call with analysts and investors, the transcript and presentation slides of which are filed as Exhibit 99.2 and Exhibit 99.3, respectively, and both of which are incorporated herein by reference.

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 Exhibits 99.1, 99.2 and 99.3, 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 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Questcor Pharmaceuticals, Inc. press release dated October 23, 2012.
99.2	Transcript of conference call held on October 23, 2012.
99.3	Presentation slides used during conference call held on October 23, 2012.

SIGNATURES

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

Date: October 25, 2012

QUESTCOR PHARMACEUTICALS, INC.

By: /s/ Michael H. Mulroy
Michael H. Mulroy
Senior Vice President, Chief Financial Officer and
General Counsel

EXHIBIT INDEX

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Questcor Reports Third Quarter Financial Results

ANAHEIM, Calif., October 23, 2012 — Questcor Pharmaceuticals, Inc. (NASDAQ: QCOR) today reported financial results for the third quarter and nine months ended September 30, 2012.

	Three Months Ended 9/30/12	Three Months Ended 9/30/11	Percentage Change
Net Sales	$140.3 Million	$ 59.8 Million	135%
GAAP Diluted EPS	$ 0.91	$ 0.35	160%
Non-GAAP Diluted EPS	$ 0.97	$ 0.37	162%

	Nine months Ended 9/30/12	Nine months Ended 9/30/11	Percentage Change
Net Sales	$348.8 Million	$142.6 Million	145%
GAAP Diluted EPS	$ 2.12	$ 0.73	190%
Non-GAAP Diluted EPS	$ 2.25	$ 0.80	181%

Net sales for the third quarter were $140.3 million, reflecting expanded physician usage of H.P. Acthar® Gel (repository corticotropin injection) in the treatment of serious, difficult-to-treat autoimmune and inflammatory disorders. Net sales in the third quarter of 2011 were $59.8 million.

GAAP earnings for the third quarter were $0.91 per diluted share, compared to $0.35 per diluted common share for last year's comparable quarter. Non-GAAP earnings for the quarter ended September 30, 2012 were $0.97 per diluted common share. Non-GAAP earnings exclude non-cash share-based compensation expense, impairment of purchased technology and goodwill, and depreciation and amortization expense. Non-GAAP earnings for the year ago quarter were $0.37 per diluted common share.

Questcor shipped 5,590 vials of Acthar during the third quarter 2012, up 92 percent compared to 2,910 vials in the year ago quarter. Quarterly vial shipments are subject to significant variation due to the size and timing of individual orders received from Questcor's distributor. The timing of when these orders are received and filled can significantly affect net sales and net income in any particular quarter. Channel inventory at the end of the third quarter appeared to be within the normal historical range. Questcor believes that investors should consider the Company's results over several quarters when analyzing its performance.

"Overall, our commercial expansion effort continued to show progress during the third quarter," said Don M. Bailey, President and CEO of Questcor. "Health care providers are expanding their usage of Acthar as an FDA-approved treatment alternative for patients with idiopathic types of nephrotic syndrome, MS relapses and rheumatology related conditions. We also continue to support patients suffering from infantile spasms."

“Based on information available as of this release, patients with serious, difficult-to-treat medical conditions addressed by Acthar on-label indications have continued to have access to Acthar through commercial insurance, Medicare, Medicaid and other government programs, as well as through our free drug program for uninsured patients,” noted Steve Cartt, Chief Operating Officer of Questcor. “Acthar is most commonly prescribed by physicians as an appropriate treatment alternative for patients in whom first-line therapies have not provided the intended treatment outcome and an additional FDA-approved treatment alternative is needed. For such patients, insurance coverage for Acthar continued to remain favorable.”

Year-to-Date Financial Results

Net sales for the first nine months of 2012 were $348.8 million, compared to $142.6 million in the first nine months of 2011. GAAP earnings for the first nine months of 2012 were $2.12 per diluted common share, compared with $0.73 per diluted common share for the comparable period of 2011. Non-GAAP earnings for the nine months ended September 30, 2012 were $2.25 per diluted common share, excluding non-cash share-based compensation expense and depreciation and amortization expense. Non-GAAP earnings for the comparable period of 2011 were $0.80 per diluted common share.

Shipped Acthar Vial and Prescription Trend Information

The Company has been publicly disclosing on Form 8-K shipped vial and prescription trend information on a monthly basis for the past several months. Sales have reached a level where the Company believes that the more traditional approach of providing financial information and related analysis of results on a quarterly basis is appropriate, and the Company expects to return to a quarterly public filing approach going forward.

Because Acthar prescriptions are filled at specialty pharmacies, the Company does not receive complete information regarding either the number of prescriptions or the number of vials by therapeutic area for all of the patients being treated with Acthar. However, Questcor monitors trends in payer mix and areas of therapeutic use for new Acthar prescriptions based on data from its reimbursement support center. Questcor estimates that over 90 percent of new Acthar prescriptions are processed by this support center, but believes that very few refill prescriptions are processed there.

In an effort to help investors better understand historical trends in Acthar prescriptions within each of its current three key therapeutic areas, Questcor is providing quarterly prescription information for the time period January 1, 2010 through September 30, 2012. Prescriptions processed by the Company’s reimbursement center are segmented into one of two groups — “Paid” and “Fully Rebated.”

“Paid” prescriptions (Rxs) include all prescriptions in the following payer categories:

- Commercial
- Tricare—Questcor has a per vial rebate obligation of approximately $7,341 in 2012 and approximately 25% of the price of Acthar for 2010 and 2011.

- Medicaid Managed Care—For Q1 2010 through March 22, 2010 (see Note 1 below the tables).

"Fully Rebated" prescriptions (Rxs) include:

- Those reimbursed by fee-for-service Medicaid insurance and other state programs eligible for rebates as Medicaid waiver programs.
- Medicaid Managed Care—For all time periods beginning March 23, 2010 (see Note 1 below the tables).

The following tables show, for each of the three key Acthar therapeutic uses, the number of new prescriptions shipped grouped into "Paid" and "Fully Rebated":

Nephrotic Syndrome (and related conditions) New Rxs

	Paid	Fully Rebated	Total
2010			
Q1-10	11	0	11
Q2-10	4	1	5
Q3-10	8	0	8
Q4-10	7	0	7
Total 2010	30	1	31
2011			
Q1-11	18	1	19
Q2-11	45	4	49
Q3-11	60	2	62
Q4-11	146	19	165
Total 2011	269	26	295
2012			
Q1-12	238	14	252
Q2-12	314	24	338
Q3-12	335	17	352

Multiple Sclerosis (and related conditions) New Rxs

	Paid	Year-Over-Year Growth in Paid Rx	Fully Rebated	Total
2010				
Q1-10	231	196%	12	243
Q2-10	304	145%	24	328
Q3-10	323	129%	19	342
Q4-10	354	66%	24	378
Total 2010	1,212	118%	79	1,291
2011				
Q1-11	508	120%	49	557

Q2-11	751	147%	58	809
Q3-11	886	174%	46	932
Q4-11	945	167%	44	989
Total 2011	3,090	155%	197	3,287
2012				
Q1-12	1,000	97%	51	1,051
Q2-12	1,110	48%	41	1,151
Q3-12	1,291	46%	49	1,340

Infantile Spasms (and related conditions) New Rxs*

	Paid	Fully Rebated	Total
2010			
Q1-10	89	48	137
Q2-10	95	66	161
Q3-10	92	78	170
Q4-10	91	68	159
Total 2010	367	260	627
2011			
Q1-11	89	71	160
Q2-11	106	79	185
Q3-11	112	69	181
Q4-11	120	51	171
Total 2011	427	270	697
2012			
Q1-12	112	71	183
Q2-12	96	73	169
Q3-12	102	70	172

* Questcor commenced commercial efforts in IS in the fourth quarter of 2010.

Rheumatology (and related conditions) New Rxs*

	Paid	Fully Rebated	Total
2012			
Q1-12	1	0	1
Q2-12	6	2	8
Q3-12	38	0	38

* Questcor commenced commercial efforts in rheumatology in the third quarter of 2012.

Notes:

(1) Because the March 2010 health care legislation made Medicaid Managed Care Organization (MCO) prescriptions rebate eligible effective March 23, 2010, a rebate liability for the MCO prescriptions estimated to be filled on or after March 23, 2010 has been accrued. The Company does not have the ability to accurately identify every Medicaid Managed Care prescription so it is possible that some prescriptions identified as "Paid" in the tables may subsequently be reclassified as "Fully Rebated."

(2) "Related Conditions" includes diagnoses that are either alternate descriptions of the medical condition or are closely related to the medical condition, which is the focus of the table. For example, a prescription for "demyelinating disease of the central nervous system" would be included as an MS-related condition for purpose of this table. About 5% of the prescriptions in the tables are for related conditions.

(3) A prescription may or may not represent a new patient or a new therapy for the patient receiving the prescription. Questcor uses business rules to determine whether a prescription should be included in this table. From time to time the Company may modify these rules, which could cause some changes to the historic numbers in the tables above.

(4) Historical trend information is not necessarily indicative of future results. Additionally, paid prescriptions should not be viewed as predictive of Questcor's net sales due to a variety of factors, including changes in the number of vials used in connection with each prescription.

Acthar Label Information

The product label for Acthar includes 19 FDA-approved indications. Substantially all of the Company's net sales currently result from Acthar prescriptions for the following on-label indications of:

- Nephrotic Syndrome (NS): "to induce a diuresis or a remission of proteinuria in the nephrotic syndrome without uremia of the idiopathic type or that due to lupus erythematosus." NS can result from several underlying conditions, and prescribing physicians indicate that Acthar is most commonly being prescribed for patients who suffer from NS due to idiopathic membranous nephropathy, focal segmental glomerulosclerosis (FSGS), IgA nephropathy, minimal change disease and lupus nephritis.

- Multiple Sclerosis (MS): “for the treatment of acute exacerbations of multiple sclerosis in adults. Clinical controlled trials have shown H.P. Acthar Gel to be effective in speeding the resolution of acute exacerbations of multiple sclerosis. However, there is no evidence that it affects the ultimate outcome or natural history of the disease.” When Acthar is used, it is typically prescribed as second line treatment for patients with MS exacerbations.
- Infantile Spasms (IS): “as monotherapy for the treatment of infantile spasms in infants and children under 2 years of age.”
- Collagen Diseases: “during an exacerbation or as maintenance therapy in selected cases of: systemic lupus erythematosus, systemic dermatomyositis (polymyositis).”
- Rheumatic Disorders: “as adjunctive therapy for short-term administration (to tide the patient over an acute episode or exacerbation) in: Psoriatic arthritis, Rheumatoid arthritis, including juvenile rheumatoid arthritis (selected cases may require low-dose maintenance therapy), Ankylosing spondylitis.”

Share Repurchase Program and Cash Dividend

The Company used $58.1 million in cash to repurchase 1,484,300 shares of its common stock in open market transactions, at an average price of $39.15 per share, during the third quarter of 2012. On September 28, 2012, the Company announced that its Board of Directors increased the Company’s common stock repurchase program authorization to 7 million shares. This authorization includes the 3.2 million shares that were remaining under the prior authorization. Shares outstanding were 58.5 million at September 30, 2012 and 62.7 million at September 30, 2011.

On September 28, 2012, the Company announced that its Board of Directors adopted a policy to pay a regular quarterly dividend in such amounts as the Board of Directors may determine from time to time. The Company’s Board of Directors declared an initial quarterly cash dividend of $0.20 per share to all shareholders of record at the close of business on October 31, 2012, payable on November 15, 2012. The Company has been notified that NASDAQ has established an “ex-dividend” date for the Company’s shares of common stock of October 29, 2012, meaning that investors who purchase shares of our common stock on or after October 29, 2012 would not be entitled to the dividend for which the record date is October 31, 2012.

Non-GAAP Financial Measures

The Company believes it is important to share non-GAAP financial metrics with shareholders as these metrics may better represent the ongoing economics of the business and reflect how we manage the business. Accordingly, management believes investors’ understanding of the Company’s financial performance is enhanced as a result of the disclosure of these non-GAAP financial metrics. Non-GAAP net income should not be viewed in isolation, or as a substitute for, or as superior to, reported GAAP net income. The reconciliation between GAAP and Non-GAAP net income is provided with the financial tables included with this release.

Conference Call and Webcast and Investor Communications

The Company will host a conference call and slide presentation via webcast today, October 23, 2012, at 4:30 p.m. ET/ 1:30 p.m. PT. The call can be accessed three ways:

- By webcast: At Questcor's investor relations website: http://ir.questcor.com/.
- By telephone: For both "listen-only" participants and those participants who wish to take part in the question-and-answer portion of the call, the telephone dial-in number in the U.S. is (877) 354-0215. For participants outside the U.S., the dial-in number is (253) 237-1173.
- By audio replay: A replay of the conference call will be available for seven business days following conclusion of the live call. The dial-in number for U.S. participants is (855) 859-2056. For participants outside the U.S., the replay dial-in number is (404) 537-3406. The replay access code for all callers is 39696380.

About Questcor

Questcor Pharmaceuticals, Inc. is a biopharmaceutical company focused on the treatment of patients with serious, difficult-to-treat autoimmune and inflammatory disorders. Questcor's primary product is H.P. Acthar® Gel (repository corticotropin injection), an injectable drug that is approved by the FDA for the treatment of 19 indications. Of these 19 indications, Questcor currently generates substantially all of its net sales from the following indications: the treatment of proteinuria in idiopathic types of nephrotic syndrome, the treatment of acute exacerbations of multiple sclerosis in adults, the treatment of infantile spasms in children under two years of age, and the treatment of certain rheumatology-related conditions. Questcor is also exploring the possibility of developing markets for other on-label indications and the possibility of pursuing FDA approval of additional indications not currently on the Acthar label where there is high unmet medical need. For more information about Questcor, 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 "believes," "continue," "could," "estimates," "expects," "growth," "may," "plans," "potential," "remain," "should," "substantial" or "will" 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:

- Our reliance on Acthar for substantially all of our net sales and profits;

- Reductions in vials used per prescription resulting from changes in treatment regimens by physicians or patient compliance with physician recommendations;
- The complex nature of our manufacturing process and the potential for supply disruptions or other business disruptions;
- The lack of patent protection for Acthar; and the possible FDA approval and market introduction of competitive products;
- Our ability to continue to generate revenue from sales of Acthar to treat on-label indications associated with NS, and our ability to develop other therapeutic uses for Acthar;
- Research and development risks, including risks associated with Questcor's work in the area of NS and potential work in the area of Rheumatology, and our reliance on third-parties to conduct research and development and the ability of research and development to generate successful results;
- Our ability to comply with federal and state regulations, including regulations relating to pharmaceutical sales and marketing practices;
- The results of any pending or future litigation, investigations or claims, including with respect to the investigation by the United States Attorney's Office for the Eastern District of Pennsylvania regarding the Company's promotional practices;
- Regulatory changes or other policy actions by governmental authorities and other third parties in connection with U.S. health care reform or efforts to reduce federal and state government deficits;
- Our ability to receive high reimbursement levels from third party payers;
- An increase in the proportion of our Acthar unit sales comprised of Medicaid-eligible patients and government entities;
- Our ability to estimate reserves required for Acthar used by government entities and Medicaid-eligible patients and the impact that unforeseen invoicing of historical Medicaid prescriptions may have upon our results;
- Our ability to effectively manage our growth, including the expansion of our sales forces, and our reliance on key personnel;
- The impact to our business caused by economic conditions;
- Our ability to protect our proprietary rights;
- The risk of product liability lawsuits;
- Unforeseen business interruptions and security breaches;
- Volatility in Questcor's monthly and quarterly Acthar shipments, estimated channel inventory, and end-user demand, as well as volatility in our stock price; and
- Other risks discussed in Questcor's annual report on Form 10-K for the year ended December 31, 2011 as filed with the Securities and Exchange Commission, or SEC, on February 22, 2012, and other documents filed with the SEC.

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 of this release.

For more information, please visit www.questcor.com or www.acthar.com.

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QUESTCOR PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(In thousands, except per share data)

(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Revenue				
Net sales	$ 140,339	$ 59,821	$ 348,760	$ 142,634
Cost of sales (exclusive of amortization of purchased technology)	7,499	3,718	19,399	8,446
Gross profit	132,840	56,103	329,361	134,188
Operating expenses:				
Selling and marketing	31,763	13,733	81,087	39,731
General and administrative	8,333	4,314	22,422	11,977
Research and development	7,997	4,176	22,147	11,048
Depreciation and amortization	339	280	951	751
Impairment of purchased technology and goodwill	987	—	987	299
Total operating expenses	49,419	22,503	127,594	63,806
Income from operations	83,421	33,600	201,767	70,382
Interest and other income, net	102	98	536	482
Income before income taxes	83,523	33,698	202,303	70,864
Income tax expense	27,836	10,846	66,568	22,914
Net income	$ 55,687	$ 22,852	$ 135,735	$ 47,950
Change in unrealized gains or losses on available-for-sale securities, net of related tax.	13	(103)	90	(101)
Comprehensive income	$ 55,700	$ 22,749	$ 135,825	$ 47,849
Net income per share:				
Basic	$ 0.95	$ 0.37	$ 2.23	$ 0.77
Diluted	$ 0.91	$ 0.35	$ 2.12	$ 0.73
Shares used in computing net income per share:				
Basic	58,653	62,492	60,992	62,249
Diluted	61,417	66,023	63,914	65,685
Dividends declared per share of common stock	$ 0.20	$ —	$ 0.20	$ —

Reconciliation of Non-GAAP Adjusted Financial				
Adjusted net income	$ 59,427	$ 24,315	$ 143,943	$ 52,314
Share-based compensation expense (1)	(2,855)	(1,273)	(6,908)	(3,654)
Depreciation and amortization expense (2)	(226)	(190)	(638)	(508)
Impairment of purchased technology and goodwill (3)	(659)	—	(662)	(202)
Net income – GAAP	$ 55,687	$ 22,852	$ 135,735	$ 47,950
Adjusted net income per share – basic	$ 1.01	$ 0.39	$ 2.36	$ 0.84
Share-based compensation expense (1)	(0.05)	(0.02)	(0.11)	(0.06)
Depreciation and amortization expense (2)	(0.00)	(0.00)	(0.01)	(0.01)
Impairment of purchased technology and goodwill (3)	(0.01)	—	(0.01)	(0.00)
Net income per share – basic	$ 0.95	$ 0.37	$ 2.23	$ 0.77
Adjusted net income per share – diluted	$ 0.97	$ 0.37	$ 2.25	$ 0.80
Share-based compensation expense (1)	(0.05)	(0.02)	(0.11)	(0.06)
Depreciation and amortization expense (2)	(0.00)	(0.00)	(0.01)	(0.01)
Impairment of purchased technology and goodwill (3)	(0.01)	—	(0.01)	(0.00)
Net income per share – diluted	$ 0.91	$ 0.35	$ 2.12	$ 0.73

Net income per share – basic and diluted may not foot due to rounding.

Use of Non-GAAP Financial Measures

Our “non-GAAP adjusted net income” excludes the following items from GAAP net income:

1. Share-based compensation expense.
2. Depreciation and amortization expense
3. Impairment of purchased technology related to our acquisition of Doral in 2012 and impairment of goodwill related to the write-off of goodwill associated with an acquisition transaction completed in 1999 in 2011.

Questcor Pharmaceuticals, Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share amounts)

(unaudited)

	September 30, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	$ 36,076	$ 88,469
Short-term investments	75,837	121,680
Total cash, cash equivalents and short-term investments	111,913	210,149
Accounts receivable, net of allowances for doubtful accounts of $0 at September 30, 2012 and December 31, 2011	62,279	27,801
Inventories, net of allowances of $0 at September 30, 2012 and December 31, 2011	7,154	5,226
Prepaid income taxes	1,466	6,940
Prepaid expenses and other current assets	5,393	3,391
Deferred tax assets	11,706	12,093
Total current assets	199,911	265,600
Property and equipment, net	1,860	1,970
Purchased technology, net	1,568	2,778
Deposits and other assets	70	56
Deferred tax assets	5,404	5,404
Total assets	$ 208,813	$ 275,808
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 11,594	$ 5,503
Accrued compensation	16,002	11,590
Sales-related reserves	38,385	34,119
Dividend payable	11,691	—
Other accrued liabilities	8,709	4,509
Total current liabilities	86,381	55,721
Lease termination, deferred rent and other non-current liabilities	2	261
Total liabilities	86,383	55,982
Shareholders' equity:		
Preferred stock, no par value, 5,334,285 shares authorized; none outstanding	—	—
Common stock, no par value, 105,000,000 shares authorized, 58,451,435 and 63,645,781 shares issued and outstanding at September 30, 2012 and December 31, 2011, respectively	26,623	94,976
Retained earnings	95,753	124,886
Accumulated other comprehensive income (loss)	54	(36)
Total shareholders' equity	122,430	219,826
Total liabilities and shareholders' equity	$ 208,813	$ 275,808

Questcor Pharmaceuticals, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(unaudited)

	Nine Months Ended September 30,	
	2012	2011
OPERATING ACTIVITIES		
Net income	$ 135,735	$ 47,950
Adjustments to reconcile net income to net cash provided by operating activities:		
Share-based compensation expense	10,295	5,406
Deferred income taxes	387	357
Amortization of investments	1,185	874
Depreciation and amortization	951	751
Impairment of purchased technology and goodwill	987	299
Loss on disposal of property and equipment	33	11
Changes in operating assets and liabilities:		
Accounts receivable	(34,478)	(17,087)
Inventories	(1,928)	(1,587)
Prepaid income taxes	5,474	2,964
Prepaid expenses and other current assets	(2,002)	(936)
Accounts payable	6,091	1,093
Accrued compensation	4,412	3,500
Sales-related reserves	4,266	9,728
Other accrued liabilities	4,200	860
Other non-current liabilities	(259)	(81)
Net cash flows provided by operating activities	135,349	54,102
INVESTING ACTIVITIES		
Purchase of property and equipment	(651)	(1,470)
Purchase of short-term investments	(122,776)	(84,125)
Proceeds from maturities of short-term investments	167,524	87,871
Deposits and other assets	(14)	9
Net cash flows provided by investing activities	44,083	2,285
FINANCING ACTIVITIES		
Income tax benefit realized from share-based compensation plans	6,678	6,889
Issuance of common stock, net	4,698	3,771
Repurchase of common stock	(243,201)	(11,453)
Net cash flows used in financing activities	(231,825)	(793)
(Decrease) increase in cash and cash equivalents	(52,393)	55,594
Cash and cash equivalents at beginning of period	88,469	41,508
Cash and cash equivalents at end of period	$ 36,076	$ 97,102
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	$ 17	$ 11
Cash paid for income taxes	$ 54,024	$ 12,973
Non-Cash Financing Activities:		
Dividend payable	$ 11,691	$ —

QUESTCOR PHARMACEUTICALS
THIRD QUARTER 2012 FINANCIAL RESULTS
October 23, 2012, 4:30 PM ET

MANAGEMENT DISCUSSION SECTION

Operator: Good day, ladies and gentlemen, and welcome to your Questcor Pharmaceutical's Q3 2012 Earnings Conference. [Operator Instructions] But later, we will conduct a question-and-answer session, which instructions will be given at that time. [Operator Instructions] And as a reminder, today's conference is being recorded.

And now I would like to introduce your host for today, Doug Sherk. Doug, please go ahead.

Doug Sherk: Thank you, operator, and good afternoon, everyone. Thank you for joining us today for the Questcor Pharmaceutical's conference call to discuss the third quarter 2012 financial results. This afternoon after the market closed, Questcor issued its third quarter earnings release, which is posted on the company's website at www.questcor.com. The company has also filed its third quarter Form 10-Q.

Today's call is also being webcast and a slide presentation will accompany managements' remarks. To access both the webcast and the presentation slides, go to Questcor's website at www.questcor.com, click the Investor Relations link, and then click on Events & Presentations.

If you're listening via telephone today, to review the accompanying presentation in conjunction with the call, navigate to the live webcast on the Event page. Then choose the audio/slides-only option.

Additionally, there'll be a taped replay of this call, which will be available approximately one hour after the call's conclusion and will remain available for seven days. The operator will provide the replay instruction at the end of today's call.

Before we get started, I'd like to remind you that during the course of this call, management will make projections and forward-looking statements regarding future events. We encourage you to review the company's past and future filings with the SEC, including without limitation the company's Forms 10-K and 10-Q, which identify the specific factors that may cause actual results or events to differ materially from those described in these forward-looking statements. As previously disclosed in the company's SEC filings, these factors include the following: Questcor's reliance on Acthar for substantially all of its net sales and profits; Questcor's ability to comply with federal and state regulations, including regulations relating to pharmaceuticals and marketing practices; and Questcor possibly being affected by lower reimbursement levels from third-party payers.

Also as discussed in the company's earnings release today, the company has been publicly disclosing on Form 8-K certain operating metrics on a monthly basis for the past several months. Sales have reached a level where the company believes that the more traditional approach of providing financial information and related analysis of results on a quarterly basis is appropriate. And the company expects to return to a quarterly public filing approach going forward.

Lastly, given management's schedule today, we've allocated 45 minutes for this call. We'll take as many questions as time allows.

Now, I'd like to turn the call over to Don Bailey, President and Chief Executive Officer of Questcor Pharmaceuticals.

Don Bailey: Thanks, Doug. Good afternoon, everyone. With me today are Steve Cartt, our Chief Operating Officer; and Mike Mulroy, Chief Financial Officer. They will each be making prepared remarks.

Questcor's financial results were driven by the increasing acceptance and expanding usage of Acthar among healthcare providers as an FDA-approved treatment alternative for patients with infantile spasms, idiopathic types of nephrotic syndrome, MS relapses, and several rheumatology-related conditions. Growth in prescriptions for nephrotic syndrome and MS relapses drove the sales increase we experienced during the third quarter. Recall that we entered the nephrology market last year, and seeing the significant commercial opportunity, we expanded the nephrology sales force to 58 representatives in June.

We believe Acthar's therapeutic usefulness in nephrotic syndrome, the devastating nature of this disease and the lack of other approved therapies have contributed to the growth in this area of the business. Paid MS prescriptions also increased in the third quarter when compared to the year-ago quarter. We also completed an expansion of the neurology sales force during the quarter. Regarding our newest market opportunity in rheumatology, we are encouraged by the early positive signs we are seeing from our pilot commercial effort. Because of its possible broad immunomodulating mechanism of action, Acthar has the potential to help patients suffering from any of the serious rheumatology-related disorders addressed by the FDA-approved indications specified on the Acthar label.

The overall growth in Acthar prescriptions has led to consistent growth in vials shipped. In the third quarter, we shipped 5,590 vials of Acthar. This, of course, has in turn driven the increase in net sales.

Now, I'd like to turn the call over to Steve Cartt, our Chief Operating Officer, who will provide more detail on our operating highlights during the third quarter. He will also update you on the business' performance during the first three weeks of October. Steve?

Steve Cartt: Thanks, Don, and good afternoon, everyone. I'll first review quarterly paid prescriptions. The chart on the screen shows nephrotic syndrome prescription growth for Acthar on a quarterly basis over the last two years. New paid nephrotic syndrome prescriptions grew to 335 in the third quarter 2012, reflecting the rapid growth in this area of our business.

We initiated the nephrology pilot selling effort late in the first quarter of 2011 and have since expanded the sales force twice because of faster-than-expected Acthar prescription growth in this market. As Don noted, we completed our second nephrology expansion to 58 reps in June. As I mentioned, this sales team generated 335 new paid Acthar prescriptions in the third quarter, so we are having some early success, but it's important to remember that our efforts in this market are still relatively new.

I thought that discussing an example of a patient who was successfully treated with Acthar for nephrotic syndrome might be helpful. Of course, it's important to note that not all patients respond to Acthar, but this example may help your better understand the nature of the disease being treated and the types of patients in whom Acthar is used.

This example was given to us by the patient's treating physician. While we have many examples, this particular patient was a 58-year-old man who had had a kidney transplant due to a loss of kidney function resulting from idiopathic membranous nephropathy.

Seven years after the transplant, he developed membranous nephropathy in his new kidney and his kidney function subsequently deteriorated to the point where he once again developed nephrotic syndrome. He was placed on two immunosuppressants, to which he did not respond despite several months of treatment.

So in a desperate attempt to preserve his remaining kidney function, his doctors then placed him on two additional immune-suppressing agents, plus corticosteroids. But still, he did not respond. His proteinuria was measured at that time at about 5 grams per day, well into the nephrotic range.

His nephrologist then decided to start him on twice-weekly injections of Acthar. By eight weeks of Acthar treatment, his proteinuria was down to 1.3 grams per day. And by the time he completed his course of Acthar treatment at 24 weeks, it was down to only 0.6 grams.

Interestingly, and we've been hearing about this phenomenon with increasing frequency lately, his proteinuria continued to improve following the completion of Acthar treatment so that 36 weeks after administering his last Acthar injection, his proteinuria had fallen even further to 0.25 grams, which is considered to be within the normal range for a healthy adult.

Clearly, Acthar was not used first-line in this patient. As most of you know, Acthar is almost never used first-line. It is instead held in reserve as an option for patients like this who have not responded to traditional first-line therapy.

To confirm insurance coverage for a patient like I've just described, or for that matter, any other patient going on Acthar, most plans require documentation of the patient's individual medical condition and treatment history before approving an Acthar

prescription. These requirements have steadily increased over the last four years, as we have noted on many previous investor calls, which is why we now have a large, highly-experienced team that supports the reimbursement process for each of our individual patients. In some cases, patients' lives truly do depend on it.

Moving on to MS, our year-over-year growth in MS paid scripts is due to positive patient outcomes, continued solid Acthar insurance coverage, and steadily increasing awareness among neurologists that Acthar can be an important FDA-approved treatment alternative for MS relapse patients who've not experienced the intended treatment outcome from the use of corticosteroids and are in need of something different.

Importantly, the expansion of our neurology sales force to 107 from 77 reps was completed in August and will help to further build awareness regarding the appropriate use of Acthar for MS relapse. As an example of the type of MS patient that uses Acthar, we recently were told by a prescribing doctor that a patient of theirs had lost vision in one eye and had only partial vision in the other, plus was now having to walk with the use of a cane, all the result of a serious new relapse. This patient had tried more than one course of IV steroids over several weeks with little response. Of course, IV steroids are standard first-line treatment for MS relapse and many patients respond just fine to this therapy. But this particular patient didn't and she was then started on Acthar. Over the next couple of weeks, she was able to walk again without the use of the cane, had regained full vision in one eye, and had vision significantly improved in the other. Not all patients respond to Acthar in the same way, of course, and we don't really know why some patients don't respond to steroids yet do respond to Acthar, and vice versa, but it's likely due to the significant differences between steroid and Acthar mechanisms of action. As I will discuss in more detail in a minute, this mechanism of action difference between Acthar and steroids was the subject of a recent peer-review journal article.

Turning briefly to infantile spasms, there were a total of 102 paid prescriptions for Acthar in the third quarter, and IS sales were within the normal quarterly sales range. It is important to remind everyone that we have significant quarter-to-quarter variability in paid IS prescriptions due to fluctuations in the incidence of this very rare and devastating disorder.

Lastly, I'll comment briefly on rheumatology, the newest Acthar market that we're currently exploring. We shipped 38 paid prescriptions during the third quarter, the first quarter of our pilot commercial effort. As discussed previously, there are a number of important indications related to rheumatology on the Acthar label. These include indications related to polymyositis, dermatomyositis, rheumatoid arthritis, systemic lupus erythematosus, psoriatic arthritis, juvenile rheumatoid arthritis, and ankylosing spondylitis. We believe that within most of the rheumatology-related disorders listed on the Acthar label lies a significant population where Acthar could be an appropriate treatment option for patients needing an FDA-approved alternative therapy.

The focus of our initial promotional effort is on the rare neuromuscular disorders dermatomyositis and polymyositis. These conditions can be difficult to treat, and if not treated successfully, patients can become debilitated, and in some cases, these conditions can even be life-threatening.

Our team of 12 experienced rheumatology sales reps are exploring this new Acthar market and educating a select group of rheumatologists about Acthar and its appropriate role in treating dermatomyositis and polymyositis, as well as certain other indications for which Acthar is FDA-approved. As seen by the rheumatology script growth in the third quarter, we are off to an encouraging start.

On the research front, we continue to see publications, abstracts and case studies being published, adding to the body of evidence of Acthar's unique mechanism of action and clinical benefit in MS and nephrotic syndrome. For example, a very recent and important paper in the Multiple Sclerosis Journal highlights Acthar and its broader mechanisms of action as an immunomodulator in multiple sclerosis, in stark contrast to the now outdated view of Acthar as being merely a stimulator of adrenal cortisol production.

Additional abstracts will be presented at upcoming meetings later this year and into next year. In fact, a number of posters will be presented at the upcoming American Society of Nephrology annual meeting, further adding to the body of evidence supporting Acthar use in the treatment of idiopathic types of nephrotic syndrome.

We also look forward to collecting new clinical data over the next 24 months regarding Acthar's utility in lupus, RA, dermatomyositis, polymyositis and psoriatic arthritis. For example, we are presently funding a clinical registry to collect additional treatment and outcome data for patients with dermatomyositis and polymyositis treated with Acthar. Also included in our plans will be the initiation of a new company-sponsored clinical trial on lupus, and funding of other new trials in rheumatology. Details will be provided on these and other studies during future calls.

A more complete understanding of the therapeutic actions of Acthar is only now emerging as the drug becomes much more widely used and studied. Questcor will continue to support both company and investigator-initiated programs that are of strategic and scientific interest. We are also beginning very early evaluation of the potential for Acthar in other indications not currently on the Acthar label. Certainly as the body of evidence continues to build in all of these scientific areas, we'll appropriately share any important new developments with the medical community, payers, the FDA, and of course investors.

In each of our key markets, we believe Acthar has the potential to be an appropriate treatment alternative for patients who do not respond adequately to or experience problematic side effects from first-line therapies such as steroids and where an additional FDA-approved treatment option is needed.

I'll close by noting that insurance coverage for Acthar has remained very good overall and it's been consistent with payer coverage patterns we have seen with Acthar over the last few years. Acthar prescriptions are being carefully handled on an individual basis following our normal and well-established business practices. And early here in the fourth quarter, we are seeing nothing out of the ordinary with regard to Acthar prescribing activity or insurance coverage of individual prescriptions.

I'll now turn the call over to Mike Mulroy, our CFO, for a review of our financial highlights. Mike?

Mike Mulroy: Thanks, Steve. Net sales for the third quarter were $140.3 million compared to $59.8 million Questcor achieved in the year-ago quarter. Growth was driven by increased physician acceptance and expanded usage of Acthar to treat serious, difficult-to-treat auto-immune and inflammatory disorders.

Our growth in net sales continued to outpace growth in operating expenses, which were $49.4 million in the current quarter compared to $22.5 million for the third quarter of 2011. The increase in OpEx is primarily due to the growth of our employee base and increased investment in our numerous research and development programs. Regarding R&D for the nine-month period ended September 30, 2012, we spent approximately $22.1 million, an increase of approximately 100% over the prior year's period.

GAAP earnings for the quarter were $0.91 based on 61.4 million diluted shares outstanding, up from $0.35 in the third quarter of last year. Non-GAAP earnings for the quarter ended September 30, 2012 were $0.97 per diluted common share. Our earnings release discusses the use of non-GAAP financial measures and provides a reconciliation between GAAP and non-GAAP earnings.

Third quarter ending channel inventory appeared to be within the normal historic range over the past several quarters. Of course, as we have discussed in previous disclosures, Questcor believes that investors should consider the company's results over several quarters when analyzing its performance.

During the quarter, we used $58.1 million in cash to repurchase 1.5 million shares of our common stock in open market transactions at an average price of $39.15 per share. On September 28, 2012, we announced that the Board of Directors has increased the company's common stock repurchase program authorization to 7 million shares. We also announced that our Board of Directors has adopted a policy for the company to pay a regular dividend, and an initial quarterly dividend of $0.20 per share. The record date for our first quarterly dividend is set for October 31.

Now, I'll turn the call back to Don.

Don Bailey: Thanks, Mike. To summarize, we remain committed to helping more patients with unmet medical needs, and we continue to deliver on our growth strategy. We believe Acthar provides substantial benefits to many patients with serious, difficult-to-treat medical conditions where other therapies have not provided the intended treatment outcome, and an additional FDA-approved treatment alternative is needed. Our expanded commercial efforts continue to show progress during the third quarter, as Steve noted. And Acthar prescribing and reimbursement has remained normal during October.

Operator, you can open up the call to questions.

QUESTION AND ANSWER SECTION

Operator: Okay. [Operator Instructions] So we'll take our first question coming from Steve Byrne from Bank of America. So please – one moment. Steve, please go ahead.

Steve Byrne: Can you provide an update on the changes to the Medicaid rebate formula? What's the status? When do you think that might flow through? And when that happens, will you no longer have an entry in the fully-rebated column for these various indications?

Don Bailey: Let me let Mike update you on that. Pretty much, the schedule remains as it was previously announced, but I'll let Mike fill you in on some details.

Mike Mulroy: For the quarter, we had a provision of Medicaid of $14.5 million. That's on the current 100% rebate rate. We also have talked about changes to that prospectively. And we also said in the quarter that the rebate rate could come down to as low as 23.1% beginning early in 2013. So if that does happen, then, yes, Steve, we won't have any fully-rebated scripts like we've talked about in the past. But we will be rebating a portion of the price.

Don Bailey: And that schedule is still intact that we had given before. Of course, that schedule is a schedule, so it could vary. But we would expect some time during the early part of Q1 of 2013 to be able to implement that new process.

Steve Byrne: And, Mike, can your just comment on why the level of sales would affect your decision to provide monthly scrip data?

Don Bailey: Well, we have – we moved to monthly reporting earlier this year in response to perception that this more frequent reporting would be beneficial to shareholders. At the time, nephrotic syndrome was fairly new and growing, so it seemed reasonable to us to provide this added unusually-frequent information. I think we started in March, so we've been doing this for about six months.

Prescriptions and sales have now reached a level where the company believes that the more traditional approach of providing financial information and related analysis of results on a quarterly basis is appropriate. We were told by virtually every shareholder that Questcor was unique or amongst a very few that was providing this kind of information.

We also believe that due to fluctuations in monthly prescriptions, measuring our performance on a quarterly basis or a several quarterly basis, some kind of a longer-term basis, is more appropriate. Many investors, especially the long-term investors, have suggested that we should conform to the traditional reporting approach.

I again point out that we are one of the few, if not only, companies providing monthly updates. So that input from the – from our long-term investors factored into our decision to move back to quarterly reporting.

Steve Byrne: And just one more. Steve, if you could comment on the new reps in nephrology. It looks like those that were added in June have not really gained much traction yet. And is that reasonable from your perspective that it would take more than a quarter for them to start to have an effect on nephrotic syndrome scripts?

Steve Cartt: Yeah, absolutely, Steve. Generally, we like to see a couple of quarters, and in this case, we literally doubled the sales force. So the old reps had half of their territories lost to the new folks. We had new people going in to those offices, and so there are new reps making calls on those offices. So, obviously, a fair amount of disruption involved there. And we had scripts coming from old reps, existing reps, and new scripts coming from new reps. So it was really a mixture of things. It was pretty typical to see kind of a quarter-ish period of time where there's disruption with this magnitude of a sales force expansion. I don't see that as being anything unusual.

Steve Byrne: Okay, thank you.

Operator: Okay, thank you. And we'll take our next question from Josh Schimmer from Lazard Capital. Josh, please go ahead.

Joshua Schimmer: Thanks for taking the question. I guess maybe first if you can help explain the disconnect between the comment that you're not really seeing anything out of the ordinary on the reimbursement front relative to some of the policy and coverage updates that investors have been focused on. Thanks.

Don Bailey: Sure, Josh. That's a good question and I'm sure it's a question that virtually every investor has. It's difficult for us to – and we've tried to explain this phenomenon before, and it might be helpful if I go back over a little bit how we have developed our reimbursement process and what the process entails. And that might give you some insight. And this is something we covered in detail in a call a few weeks ago. So we are not – I don't want to use the word surprised; I guess I just did, but we're not surprised that we're seeing business conditions stay pretty much the same.

We said that that would be the case on that call. That was our prediction. And that is what's happened so far. We're probably not going to make any predictions about the future given the tenuousness of everything going on with our company. But certainly up to now, we haven't seen any changes and we've seen no indications of any changes just to be clear. It's just nobody can predict the future.

But let me talk just a little bit about the reimbursement process. So once a patient and a physician together reach the decision to use Acthar as a treatment approach, they typically have tried other treatments, as Steve pointed out in his prepared remarks, to no avail and are looking and maybe even desperate for something new. They've kind of run

out of other choices and they're dealing with a disease that is going to leave the patient in some type of likely a devastated condition, potentially totally disabled, partially disabled; certainly their quality of life has been greatly impacted and they may even be in a life-threatening situation.

Because Acthar is premium-priced and is utilized in very limited, often orphan-size patient populations, prescriptions are typically handled on a very intensive case-by-case basis through the entire reimbursement process. Prior authorizations are the norm rather than the exception.

Sometimes, we get denials by insurance. That doesn't happen overly frequently, but it does happen in a reasonable percentage of cases. After these denials, the coverage decisions are often appealed successfully, provided, of course, that the patient has – meets some of these conditions that we've just talked about.

That is, that they've already attempted one or more primary treatments, particularly when there are no other FDA-approved treatment options available. So Acthar is usually used in a position after another treatment. So for example, in MS, patients typically have failed steroids, maybe as in the example Steve gave, more than one round of steroids.

The typical reimbursement process for an Acthar prescription is very labor-intensive and we have a team of over 30 reimbursement specialists fully dedicated to this effort. And to give some context to the number 30, that's approximately the number of prescriptions that are filled in a day.

So you can see it's almost one – it's almost a full man-day, at least on a fill-basis. So a typical prescription is going to probably get several hours of an individual's attention. It's not your typical type of pharmaceutical product. This labor-intensive process to secure Acthar coverage for individual prescriptions has been ongoing and continuously evolving since late-2007. So that's for five years. So for five years, we've been utilizing this case-by-case process. So we've literally done, I don't know, more than 10,000 cases I'm sure.

Requirements for gaining coverage for an Acthar prescription have increased over this time period, as we've pointed out many times on prior calls, and that is with most payers. And we've discussed this process frequently with investors in the past.

So our experience is that the end result here of Acthar being approved is when the conditions have been met – the following conditions have met – the patient has one of the on-label indications, they have run out of other approved therapies that didn't work, the doctor thinks that this is medically necessary and is willing to provide the paperwork and information that the insurance company needs, and the patient wants the drug.

When those conditions are met, we find that the success rate for interacting with insurance companies has been very good. So that's the best we can do, Josh. This is our

experience, and it's an experience over thousands of cases. So that's why we were able to say what we did on the last call and why it seems to continue to be the case up through October 23, 2012.

Joshua Schimmer: Very helpful. Maybe one other quick question. Do you have plans to expand the rheumatology sales force based on the success of the early experience?

Don Bailey: Well, that's a very good question. And just for those investors who aren't totally familiar with Questcor and Acthar, we originally started the MS process in 2008 with a pilot sales effort and have subsequently because of the success of various tranches of adding in more salespeople that we're now up to 107. So we started with 8 and we've worked all the way up to 107 I think in 4 or 5 sets of increases. With nephrotic syndrome, as Steve pointed out, we've done that a couple of times. Steve, you want to comment on the rheumatology effort and how that's going?

Steve Cartt: Sure. As I mentioned, we're encouraged, Josh, by what we've seen in the pilot effort so far. As you would expect, we review all aspects of our business frequently. And of course, this would be one of the areas that we're paying particularly close attention to given that it's in a pilot state right now. But we're going to decide what we want to do as we go forward and we'll report to you guys any changes to our rheumatology plans at the appropriate time.

Joshua Schimmer: Great. Thanks very much.

Operator: Okay, thank you. And we'll take our next question from Chris Holterhoff from Oppenheimer & Co. Chris, please go ahead.

Chris Holterhoff: Hi, thanks. Just another reimbursement question. Regarding some of the payers that have updated their Acthar polices, can you just talk about whether or not you've seen any Acthar scripts reimbursed after the policy changes? And then if so, just talk about which indications they've been approved for. Thanks.

Don Bailey: Sure, Chris. So while we really don't want to get into the policy of commenting on specific discussions with individual payers, what we're finding is that when Acthar is appropriately prescribed, insurance reimbursement continues to be quite good overall, has been consistent with payer coverage patterns we have seen with Acthar over the last few years. We do interact with many payers, particularly the bigger ones. And we're continuing to process cases using that process that I described in great detail. And early here in Q4, we're seeing nothing out of the ordinary with regard to Acthar prescribing activity.

So these policy bulletins are one factor that you see in the process, but there's many other factors, and from our experience, the most important factor is Acthar being prescribed for right patient. Does this patient really need the drug? And does the doctor have a good faith belief that the drug is going to help that patient? When those conditions are met, and other therapies have been tried, again, we've had and continue to have a very high success rate. So I know it's difficult for people to reconcile this, but that's what we see.

Chris Holterhoff: Okay. That's helpful. Thanks. And then just kind of wanted to get your updated thoughts on whether you thought it might be feasible at this point to conduct a study in MS flairs, just as a way to kind of provide payers with more current clinical data on Acthar.

Don Bailey: Well, it's certainly an interesting question. We're trying to build the body of evidence, and Steve talked a little bit about that. And our approach has been to try to get a greater understanding of how Acthar works, and we're pleased with this new article in the Multiple Sclerosis Journal. We think that will help. The authors of that particular article are good authors. They're in that group, so of KOLs for the industry. So doing a trial itself in MS is something that we do discuss. Another possibility would be some other form of trying to gather some evidence. So we're looking at various things you can do.

When you're trying to do a – design a trial for a product that's on-label, already on-label, it has some additional challenges that you don't have for a drug that's not yet on – because you already have to worry about issues with respect to ethics of offering placebos. So sometimes you have to create a trial that doesn't have a placebo. Anyway, so it certainly is on the table so to speak. And if there's some benefits to trying to do that, and there's also some reasons not to do it. So I hope that helps you out, Chris.

Chris Holterhoff: Yeah. Very helpful. Thanks. Maybe I can just sneak in one last one here.

Don Bailey: Sure. Ask all the questions you want.

Chris Holterhoff: Okay. Can you just give us an update on the enrollment in the Phase IV study in intramembranous nephropathy?

Don Bailey: Yes. It's improving a little bit. I don't have specific numbers, but if we change the criteria slightly so that we'd open up a little bit, and I don't have the numbers to give you right now, but things are moving along just a little bit better there.

But again, just as I described in answering your question about MS, for others on the call who aren't familiar with the history, we're having trouble enrolling in this trial because when patients go to enroll in that trial, they have a 1/3 chance of ending up on placebo, and they generally don't like that probability and they say to the doctor gee, why don't

you – if this is an approved drug, why don't you just give it to me? I don't really want to take a chance of going on placebo and continuing for my medical condition to develop and get worse.

So those, again just points out the example of what we're talking about there. And for those on the call who aren't familiar with what we're talking about, the company has underway a Phase IV trial in idiopathic membranous nephropathy. And that trial has been underway for a little while. It was having a little trouble enrolling.

Chris Holterhoff: Thanks a lot for taking my questions.

Operator: Okay. Thank you. And we'll take our next question from Yale Jen with ROTH Capital. Yale, please go ahead.

Yale Jen: The first question is Don, could you give us a little bit breakdown in terms of Acthar revenue of the three or four major indications or the rough percentage of that?

Don Bailey: Sure. Absolutely. So this is a common question, and I'm going to let Mike Mulroy take a stab at answering it. This is always a tricky question because we don't actually get the data in the form that you might think.

Mike Mulroy: Yeah. Thanks, Don, and thanks, Yale. And I'll talk a little bit – again, some background information, just to talk a little bit about process. So our sales are calculated based on vials shipped. We have provided prescription-based information in the past, but we generate revenue in net sales from vials. So it's not possible really to precisely determine sales by therapeutic area. At the time we sell vials, we don't know at that moment how those vials will be used. But some investors, we believe, have estimated revenue by therapeutic area by employing factors, basically looking at it on a how many vials per script will be used within each therapeutic area. And some may also take it to the next level because especially within nephrotic syndrome, the vials might be used over more than one reporting quarter. So there's a lot of kind of nuance there and ways to build it up. But we don't have – we certainly don't have GAAP numbers for that. We estimate it kind of like you guys do. But Don, I don't know if you want to...

Don Bailey: Yeah, so I think that explains the problem a little bit. We think that the distribution of revenue – I think on the last call, we said that the revenue for MS was approximately 40% to 45%. Nephrotic syndrome was roughly equal to that, and then remainder was infantile spasms. It's probably moved just a little bit more towards nephrotic syndrome in this quarter, even though we had a nice surge in MS scripts because of the – this effect that Mike was talking about that prior nephrotic syndrome scripts are generating revenue this quarter. And of course then we have the entrée of rheumatology into the equation, so we're probably getting a couple percent of rheumatology. So hopefully that gives you enough to give you a rough idea, Yale. We don't have precise numbers unfortunately.

Yale Jen: Okay, great. That's still very helpful. The second question is for the ASN meeting this year, would you guys were thinking about any sort of panel meeting and other type of activities maybe similar to last year? Or there's other thoughts you have?

Don Bailey: I don't think there's going to be anything like there was last year. But maybe Steve, would you mind providing just a little bit of color?

Steve Cartt: Sure. We'll be having some one-on-one and small group discussions with KOLs, Yale, at ASN this year, really kind of strategically looking at the – not only the marketplace, but as well as research areas that might be of interest. So no big panel meeting per se, but some smaller get-togethers with top-KOLs because we do have a pretty good chunk of new information coming out at the meeting and there'll be a lot of interest in discussing that and where we can direct some further research funding.

Yale Jen: Thanks for that. And lastly, you do have oral presentation I believe at the ASN meeting. Any other things you can talk about that besides the details that that will present?

Steve Cartt: Yeah, there are a number of abstracts and related posters, as well as the podium session that you mentioned. We really can't comment on these. Book of abstracts is available online for people that are interested. But for further detail, obviously you'll need to kind of wait until the meeting. And if you're planning to attend, you can see it live and in person.

Yale Jen: Okay, great. Well, great. Thanks a lot. I appreciate it.

Steve Cartt: Sure.

Operator: Okay. Thank you ladies and gentlemen. That does appear that that's all the time we have for questions. So I would like to turn it back to the host for any concluding remarks at this time.

Don Bailey: Well, thank you all for attending. If you have follow-up questions, you can get a hold of our IR team. Their phone numbers are on the press release. And we look forward to speaking to you in the future.

Operator: Okay. Ladies and gentlemen, this does conclude your conference. You may now disconnect and have a great day.

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Third Quarter 2012 Conference Call

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- **By webcast: At Questcor's investor relations website: http://ir.questcor.com/**

Safe Harbor Statement

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 "believes," "continue," "could," "estimates," "expects," "growth," "may," "plans," "potential," “remain,” "should," "substantial" or "will" 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: Our reliance on Acthar for substantially all of our net sales and profits; Reductions in vials used per prescription resulting from changes in treatment regimens by physicians or patient compliance with physician recommendations; The complex nature of our manufacturing process and the potential for supply disruptions or other business disruptions ;The lack of patent protection for Acthar; and the possible FDA approval and market introduction of competitive products; Our ability to continue to generate revenue from sales of Acthar to treat on-label indications associated with NS, and our ability to develop other therapeutic uses for Acthar; Research and development risks, including risks associated with Questcor's work in the area of NS and potential work in the area of Rheumatology, and our reliance on third-parties to conduct research and development and the ability of research and development to generate successful results; Our ability to comply with federal and state regulations, including regulations relating to pharmaceutical sales and marketing practices; The results of any pending or future litigation, investigations or claims, including with respect to the investigation by the United States Attorney’s Office for the Eastern District of Pennsylvania regarding the Company’s promotional practices; Regulatory changes or other policy actions by governmental authorities and other third parties in connection with U.S. health care reform or efforts to reduce federal and state government deficits; Our ability to receive high reimbursement levels from third party payers; An increase in the proportion of our Acthar unit sales comprised of Medicaid-eligible patients and government entities; Our ability to estimate reserves required for Acthar used by government entities and Medicaid-eligible patients and the impact that unforeseen invoicing of historical Medicaid prescriptions may have upon our results; Our ability to effectively manage our growth, including the expansion of our sales forces, and our reliance on key personnel; The impact to our business caused by economic conditions; Our ability to protect our proprietary rights; The risk of product liability lawsuits; Unforeseen business interruptions and security breaches; Volatility in Questcor's monthly and quarterly Acthar shipments, estimated channel inventory, and end-user demand, as well as volatility in our stock price; and Other risks discussed in Questcor's annual report on Form 10-K for the year ended December 31, 2011 as filed with the Securities and Exchange Commission, or SEC, on February 22, 2012, and other documents filed with the SEC.

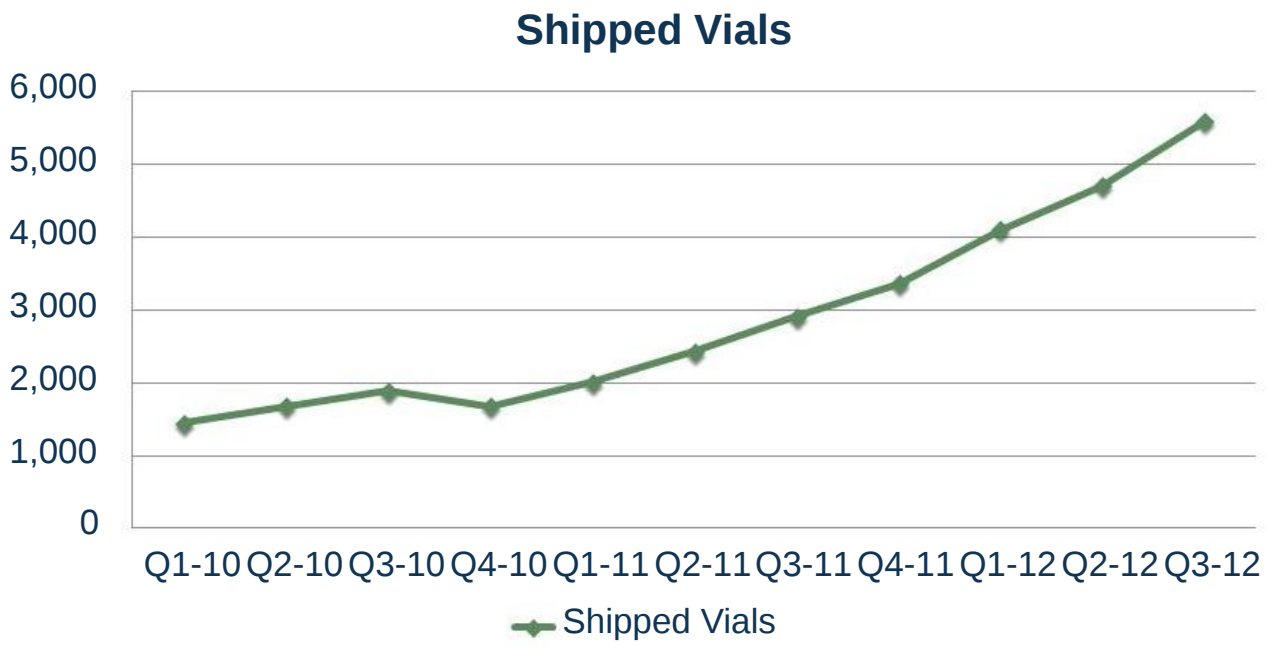
The risk factors and other information contained in these documents should be considered in evaluating Questcor's prospects and future financial performance.

QUESTCOR®

3Q-12 Results

- 335 paid NS scripts
- 1,291 paid MS scripts
- 102 paid IS scripts
- Financial results
  - 5,590 vials shipped, up 92% YOY
  - $140.3M in net sales, up 135% YOY
  - $0.91 GAAP EPS (diluted), up 160% YOY

Growth in Shipped Vials



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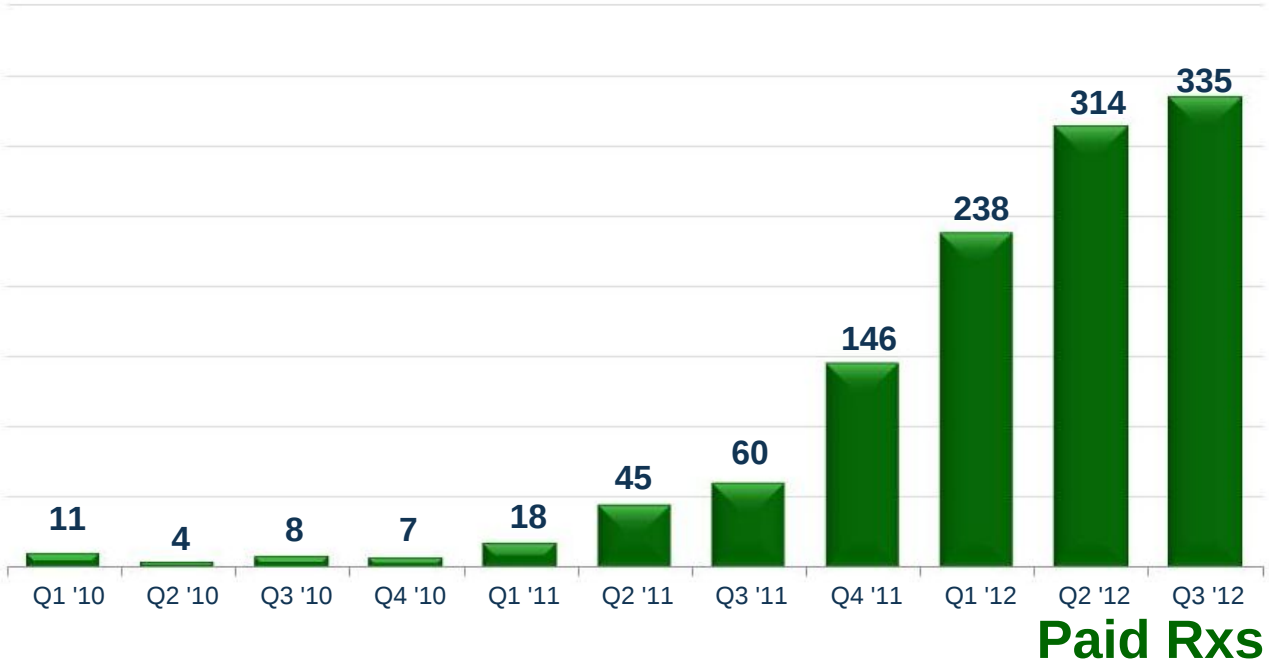
NS Scripts-Strong Continued Growth



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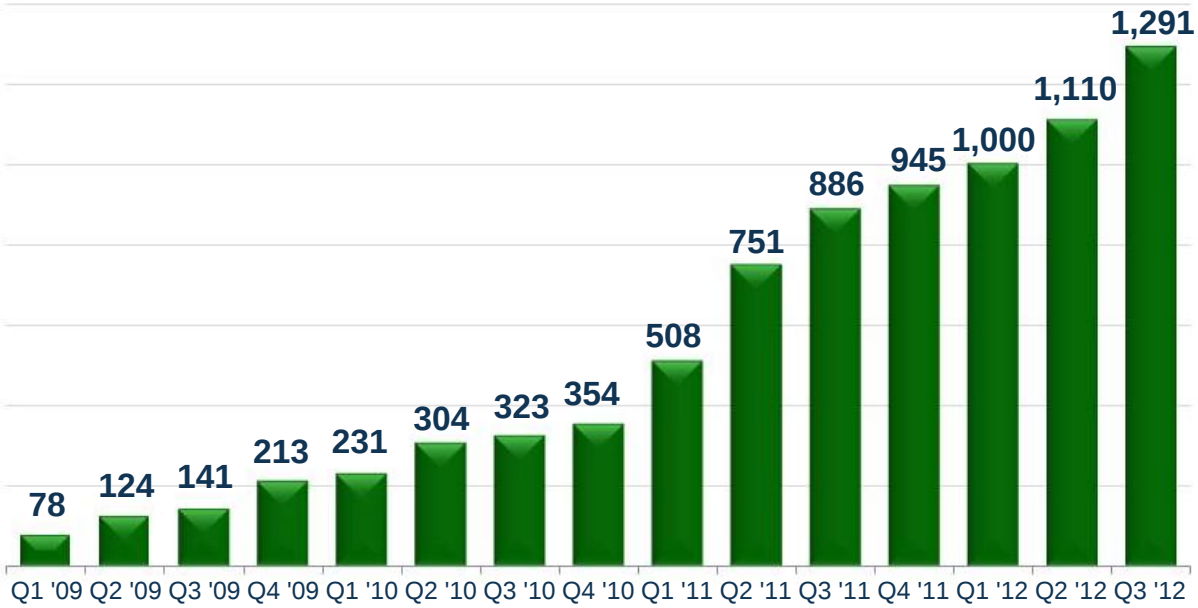
Notes: Historical trend information is not necessarily indicative of future results. Chart includes "Related Conditions" - diagnoses that are either alternative descriptions of the condition or are closely related to the medical condition which is the focus of the chart.

MS Scripts-Record of Consistent Grow

Paid Rxs



Notes: Historical trend information is not necessarily indicative of future results. Acthar is marketed for the on-label indication of MS exacerbations in adults, though the chart includes "Related Conditions" - diagnoses that are either alternative descriptions of the condition or are closely related to the medical condition which is the focus of the chart. About 5% of the prescriptions in the tables are for related conditions.

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The Emerging Science Behind Acth

Preclinical and Clinical Studies

- **Understanding the biological properties of Acthar**
  - **Specific biochemical pathways, cells, and tissues**
  - **Immunomodulation and anti-inflammatory effects**
- **Further research related to on-label indications**
- **Possible new indications to explore**

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NASDAQ:QCOR

Third Quarter 2012
Conference Call