

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

May 26, 2006

Date of Report

(Date of earliest event reported)

DURECT CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

000-31615

(Commission File Number)

94-3297098

(I.R.S. Employer
Identification No.)

2 Results Way

Cupertino, CA 95014

(Address of principal executive offices) (Zip code)

(408) 777-1417

(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

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))
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Item 8.01 Other Events.

On May 26, 2006, DURECT Corporation (the “Company”) entered into a privately negotiated transaction with a holder of its 6.25% Convertible Subordinated Notes, due June 2008 (the “Notes”), pursuant to which such holder elected to convert \$20 million in principal amount of such Notes into 317,460.3 shares of common stock per \$1,000 principal amount of Notes, for an aggregate of 6,349,206 shares of common stock, as originally set forth in the indenture for such Notes. The Company made a cash payment to such holder of \$2,860,000, which amount was based on a discounted value of future interest payments due on such Notes until maturity. The Notes and the common stock issuable upon conversion of the Notes were previously registered by the Company under the Securities Act. Following such conversion, the aggregate principal amount of outstanding Notes is \$37.3 million.

SIGNATURES

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.

DURECT Corporation

Date: May 31, 2006

By: /s/ James E. Brown

James E. Brown

President and Chief Executive Officer