
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) May 18, 2006

QUESTCOR PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

California

001-14758

33-0476164

(State or other jurisdiction of
incorporation)

(Commission File Number)

(IRS 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**

(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 (see General Instruction A.2. below):

- 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 1.01 Entry into a Material Definitive Agreement.

(a) 2006 Equity Incentive Award Plan

On May 18, 2006, at the Annual Meeting of Shareholders of Questcor Pharmaceuticals, Inc. (the "Company"), the Company's shareholders approved the Company's 2006 Equity Incentive Award Plan (the "2006 Plan"). The purpose of the 2006 Plan is to promote the success and enhance the value of the Company by linking the personal interests of the members of the Board of Directors (the "Board"), employees, and consultants to those of the Company's shareholders and by providing such individuals with an incentive for performance to generate returns to the Company's shareholders. The 2006 Plan is further intended to provide the Company flexibility to motivate, attract, and retain the services of members of the Board, employees, and consultants upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent.

The 2006 Plan includes the following equity compensation awards: (i) incentive stock options; (ii) non-qualified stock options; (iii) restricted stock awards; (iv) unrestricted stock awards; (v) stock appreciation rights; (vi) stock units and (vii) dividend equivalents. Participants in the 2006 Plan may be granted any one of the above equity awards or any combination thereof, as determined by the Board.

A maximum of 6,250,000 shares of Common Stock may be issued and sold under all awards, restricted and unrestricted, granted under the 2006 Plan. The maximum number of shares of Common Stock with respect to one or more awards that may be granted to any one participant during any calendar year shall be 600,000, except for an employee serving as the Company's Chief Executive Officer, who is eligible to receive awards covering an aggregate number of shares of up to 1,500,000 in a calendar year. Additionally, in connection with his or her initial service to the Company, the aggregate number of shares of Common Stock with respect to which awards may be granted to any participant shall not exceed 1,000,000 shares during the calendar year which includes such individual's initial service to the Company.

The Company's Board of Directors shall delegate administration of the 2006 Plan to a committee comprised of no fewer than two members of the Board of Directors (the "Committee" or the "Administrator"). Each Committee member shall satisfy the requirements for (i) a "non-employee director" for purposes of Rule 16b-3 of the Exchange Act, and (ii) an "outside director" under Section 162(m) of the Internal Revenue Code.

The Administrator shall have such powers and authority as may be necessary or appropriate to carry out the functions of the Administrator as described in the 2006 Plan. Subject to the express limitations of the 2006 Plan, the Administrator shall have authority in its discretion to determine the persons to whom, and the time or times at which, awards may be granted, the number of shares, units or other rights subject to each award, the exercise, base or purchase price of an award (if any), the time or times at which an award will become vested, exercisable or payable, the performance goals and other conditions of an award, the duration of the award and all other terms of the award. The Administrator may prescribe, amend and rescind rules and regulations relating to the 2006 Plan. All interpretations, determinations and actions by the Administrator shall be final, conclusive and binding upon all parties. Additionally, the Administrator may delegate to one or more officers of the Company the ability to grant and determine terms and conditions of awards under the 2006 Plan to certain employees, and the Administrator may delegate to any appropriate officer or employee of the Company responsibility for performing certain ministerial functions under the 2006 Plan.

Any person who is an employee of or a consultant to the Company or any affiliate thereof, any person to whom an offer of employment with the Company has been extended, as determined by the Administrator, or any person who is a non-employee director is eligible to be designated by the Administrator to receive awards and become a participant under the 2006 Plan (a "Participant" or the "Participants").

The 2006 Plan shall terminate on February 27, 2016, which is the tenth anniversary of the date of its adoption by the Board. The Board may, in its discretion and at any earlier date, terminate the 2006 Plan. Notwithstanding the foregoing, no termination of the 2006 Plan shall adversely affect any award theretofore granted without the consent of the Participant or the permitted transferee of the award.

The foregoing description of the 2006 Plan is qualified in its entirety by reference to the full text of the 2006 Plan, which is filed as Exhibit 10.1 to this Current Report on Form 8-K (incorporating by reference therein Exhibit C to the Company's Definitive Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission (the "SEC") on April 10, 2006). A form of Incentive Stock Option Agreement, a form of Non-Qualified Stock Option Agreement and a form of Restricted Stock Award Agreement used under the 2006 Plan are attached hereto as Exhibits 10.2, 10.3 and 10.4, respectively, and are hereby incorporated by reference.

(b) Amendment to 2003 Employee Stock Purchase Plan

On May 18, 2006, at the Company's Annual Meeting of Shareholders, the shareholders of the Company approved an amendment to the Company's 2003 Employee Stock Purchase Plan (the "ESPP"). Under the ESPP, eligible employees of the Company may purchase shares of common stock of the Company on certain beneficial terms. The amendment increases the number of shares reserved for issuance under the ESPP by 1,500,000, bringing the total number of shares issuable thereunder to 2,400,000.

The foregoing summary of the amendment to the ESPP is qualified in its entirety by reference to the full text of the ESPP, as amended, which is filed as Exhibit 10.5 to this Current Report on Form 8-K (incorporating by reference therein Exhibit D to the Company's Definitive Proxy Statement on Schedule 14A filed with the SEC on April 10, 2006).

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

<u>Exhibit No.</u>	<u>Exhibit Description</u>
10.1	2006 Equity Incentive Award Plan (incorporated by reference to Exhibit C of the Company's Definitive Proxy Statement on Schedule 14A filed April 10, 2006).
10.2	Form of Incentive Stock Option Agreement under the 2006 Equity Incentive Award Plan.
10.3	Form of Non-Qualified Stock Option Agreement under the 2006 Equity Incentive Award Plan.
10.4	Form of Restricted Stock Award Agreement under the 2006 Equity Incentive Award Plan.
10.5	2003 Employee Stock Purchase Plan, as amended (incorporated by reference to Exhibit D of the Company's Definitive Proxy Statement on Schedule 14A filed April 10, 2006).

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.

Questcor Pharmaceuticals, Inc.

Date: May 24, 2006

By: /s/ George M. Stuart
George M. Stuart
Vice President, Finance and Chief Financial Officer

EXHIBIT INDEX

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INCENTIVE STOCK OPTION AGREEMENT

_____, Optionee:

Questcor Pharmaceuticals Inc. (the "Company"), pursuant to its 2006 Equity Incentive Award Plan (the "Plan") has this day granted to you, the optionee named above, an option to purchase shares of the common stock of the Company ("Common Stock"). This option is intended to qualify and will be treated as an "incentive stock option" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

The grant hereunder is in connection with and in furtherance of the Company's compensatory benefit plan for participation of the Company's employees (including officers), directors or consultants. Any capitalized term not defined herein shall have the same meaning ascribed to it in the Plan.

The details of your option are as follows:

1. The total number of shares of Common Stock subject to this option is _____ (_____). Subject to the limitations contained herein, this option shall vest and be exercisable over a period of four years beginning _____, 20__ under the following schedule: 1/4th of the total number of options will vest and be exercisable on the first (1st) anniversary of the date of this Agreement. Thereafter, the remaining shares will vest at the rate of 1/48th of the total options subject to the grant on each monthly anniversary of the date of the grant. Notwithstanding the foregoing, in the event of a Change in Control of the Company, then this option shall become vested as provided in Section 12.2 of the Plan.

2. The exercise price of this option is _____ (\$_____) per share, being not less than the fair market value of the Common Stock on the last trading day prior to the date of grant of this option.

(a) Payment of the exercise price per share is due in full in cash (including check) upon exercise of all or any part of each installment which has become exercisable by you; provided, however, that, if at the time of exercise the Company's Common Stock is publicly traded and quoted regularly in the Wall Street Journal, payment of the exercise price, to the extent permitted by applicable statutes and regulations, may be made by delivery of already-owned shares of Common Stock, or a combination of cash and already-owned Common Stock. Such Common Stock (i) shall be valued at its fair market value on the date of exercise, (ii) if originally acquired from the Company, must have been held for the period required to avoid a charge to the Company's reported earnings, and (iii) must be owned free and clear of any liens, claims, encumbrances or security interests.

(b) Notwithstanding the foregoing, this option may be exercised pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board which results in the receipt of cash (or check) by the Company prior to the issuance of Common Stock.

3. The minimum number of shares with respect to which this option may be exercised at any one time is one hundred (100), except (a) as to an installment subject to exercise, as set forth in paragraph 1, which amounts to fewer than one hundred (100) shares, in which case, as to the exercise of that installment, the number of shares in such installment shall be the minimum number of shares, and (b) with respect to the final exercise of this option this minimum shall not apply. In no event may this option be exercised for any number of shares, which would require the issuance of anything other than whole shares.

4. Notwithstanding anything to the contrary contained herein, this option may not be exercised unless the shares issuable upon exercise of this option are then registered under the Securities Act or, if such shares are not then so registered, the Company has determined that such exercise and issuance would be exempt from the registration requirements of the Securities Act.

5. The term of this option commences on the date hereof and, unless sooner terminated as set forth below or in the Plan, terminates on _____ (which date shall be no more than ten (10) years from the date this option is granted). In no event may this option be exercised after the date on which it terminates. This option shall terminate prior to the expiration of its term as follows: ninety (90) calendar days after the termination of your employment with the Company or an affiliate of the Company (as defined in the Plan) for any reason or for no reason unless:

(a) such termination of employment is due to your permanent and total disability (within the meaning of Section 422(c)(6) of the Code), in which event the option shall terminate on the earlier of the termination date set forth above or twelve (12) months following such termination of employment; or

(b) such termination of employment is due to your death, in which event the option shall terminate on the earlier of the termination date set forth above or twelve (12) months after your death; or

(c) during any part of such three (3) month period the option is not exercisable solely because of the condition set forth in paragraph 4 above, in which event the option shall not terminate until the earlier of the termination date set forth above or until it shall have been exercisable for an aggregate period of three (3) months after the termination of employment; or

(d) exercise of the option within three (3) months after termination of your employment with the Company or with an affiliate would result in liability under section 16(b) of the Exchange Act, in which case the option will terminate on the earlier of (i) the termination date set forth above, (ii) the tenth (10th) day after the last date upon which exercise would result in such liability or (iii) six (6) months and ten (10) days after the termination of your employment with the Company or an affiliate.

However, this option may be exercised following termination of employment only as to that number of shares as to which it was exercisable on the date of termination of employment under the provisions of paragraph 1 of this option. Further, if you leave the employment of the Company before the six-month anniversary of the commencement of this Stock Option grant, then your right

to exercise this option as to any shares as to which it was otherwise exercisable prior to termination is immediately terminated.

6. This option may be exercised, to the extent specified above, by delivering a notice of exercise (in a form designated by the Company) together with the exercise price to the Secretary of the Company, or to such other person as the Company may designate, during regular business hours, together with such additional documents as the Company may then require.

(a) By exercising this option you agree that:

(i) the Company may require you to enter an arrangement providing for the payment by you to the Company of any tax withholding obligation of the Company arising by reason of (1) the exercise of this option; (2) the lapse of any substantial risk of forfeiture to which the shares are subject at the time of exercise; or (3) the disposition of shares acquired upon such exercise; and

(ii) you will notify the Company in writing within fifteen (15) days after the date of any disposition of any of the shares of the Common Stock issued upon exercise of this option that occurs within two (2) years after the date of this option grant or within one (1) year after such shares of Common Stock are transferred upon exercise of this option.

7. This option is not transferable, except by will or by the laws of descent and distribution, and is exercisable during your life only by you.

8. This option is not an employment contract and nothing in this option shall be deemed to create in any way whatsoever any obligation on your part to continue in the employ of the Company, or of the Company to continue your employment with the Company.

9. Any notices provided for in this option or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the address specified below or at such other address as you hereafter designate by written notice to the Company.

10. This option is subject to all the provisions of the Plan, a copy of which is attached hereto and its provisions are hereby made a part of this option, and this option is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the provisions of this option and those of the Plan, the provisions of the Plan shall control.

[Signature on Following Page]

Dated the _____ day of _____, _____.

Very truly yours,
QUESTCOR PHARMACEUTICALS, INC.

By _____
Duly authorized on behalf
of the Board of Directors

The undersigned:

(a) Acknowledges receipt of the foregoing option and the attachments referenced therein and understands that all rights and liabilities with respect to this option are set forth in the option and the Plan; and

(b) Acknowledges that as of the date of grant of this option, it sets forth the entire understanding between the undersigned optionee and the Company and its affiliates regarding the acquisition of stock in the Company and supersedes all prior oral and written agreements on that subject with the exception of the following agreements only:

NONE _____
(Initial)

OTHER _____

Optionee

Address: _____

SS# / Tax I.D.# _____

Attachments:

Form of Exercise



NONSTATUTORY STOCK OPTION AGREEMENT

_____, Optionee:

Questcor Pharmaceuticals, Inc. (the "Company"), pursuant to its 2006 Equity Incentive Award Plan (the "Plan") has this day granted to you, the optionee named above, an option to purchase shares of the common stock of the Company ("Common Stock"). This option is not intended to qualify and will not be treated as an "incentive stock option" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

The grant hereunder is in connection with and in furtherance of the Company's compensatory benefit plan for participation of the Company's employees (including officers), directors or consultants. Any capitalized term not defined herein shall have the same meaning ascribed to it in the Plan.

The details of your option are as follows:

1. The total number of shares of Common Stock subject to this option is _____ (_____). Subject to the limitations contained herein, this option shall vest and be exercisable beginning _____, 20__ under the following schedule: 1/4th of the total number of options will vest and be exercisable on the first (1st) anniversary of the date of this Agreement. Thereafter, the remaining shares will vest at the rate of 1/48th of the total options subject to this grant on each monthly anniversary of the date of this option grant. Notwithstanding the foregoing, in the event of a Change in Control of the Company, then this option shall become vested as provided in Section 12.2 of the Plan.

2. (a) The exercise price of this option is _____ (\$____) per share.

(b) Payment of the exercise price per share is due in full in cash (including check) upon exercise of all or any part of each installment which has become exercisable by you; provided, however, that, if at the time of exercise, the Company's Common Stock is publicly traded and quoted regularly in the Wall Street Journal, payment of the exercise price, to the extent permitted by applicable statutes and regulations, may be made by delivery of already-owned shares of Common Stock, or a combination of cash and already-owned Common Stock. Such Common Stock (i) shall be valued at its fair market value on the date of exercise, (ii) if originally acquired from the Company, must have been held for the period required to avoid a charge to the Company's reported earnings, and (iii) must be owned free and clear of any liens, claims, encumbrances or security interests.

(c) Notwithstanding the foregoing, this option may be exercised pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board which results in the receipt of cash (or check) by the Company prior to the issuance of Common Stock.

3. The minimum number of shares with respect to which this option may be exercised at any one time is one hundred (100), except (a) as to an installment subject to exercise, as set forth in paragraph 1, which amounts to fewer than one hundred (100) shares, in which case, as to the exercise of that installment, the number of such shares in such installment shall be the minimum number of shares, and (b) with respect to the final exercise of this option this minimum shall not apply. In no event may this option be exercised for any number of shares which would require the issuance of anything other than whole shares.

4. Notwithstanding anything to the contrary contained herein, this option may not be exercised unless the shares issuable upon exercise of this option are then registered under the Securities Act or, if such shares are not then so registered, the Company has determined that such exercise and issuance would be exempt from the registration requirements of the Securities Act.

5. The term of this option commences on the date hereof and, unless sooner terminated as set forth below or in the Plan, terminates on _____ (which date shall be no more than _____ (___) years from the date this option is granted). In no event may this option be exercised after the date on which it terminates. This option shall terminate prior to the expiration of its term as follows: ninety (90) calendar days after the termination of your employment with the Company or an affiliate of the Company (as defined in the Plan) for any reason or for no reason unless:

(a) such termination of employment is due to your permanent and total disability (within the meaning of Section 422(c)(6) of the Code), in which event the option shall terminate on the earlier of the termination date set forth above or twelve (12) months following such termination of employment;

(b) such termination of employment is due to your death, in which event the option shall terminate on the earlier of the termination date set forth above or twelve (12) months after your death; or

(c) during any part of such three (3) month period the option is not exercisable solely because of the condition set forth in paragraph 4 above, in which event the option shall not terminate until the earlier of the termination date set forth above or until it shall have been exercisable for an aggregate period of three (3) months after the termination of employment; or

(d) exercise of the option within three (3) months after termination of your employment with the Company or with an affiliate would result in liability under section 16(b) of the Exchange Act, in which case the option will terminate on the earlier of (i) the termination date set forth above, (ii) the tenth (10th) day after the last date upon which exercise would result in such liability or (iii) six (6) months and ten (10) days after the termination of your employment with the Company or an affiliate.

However, this option may be exercised following termination of employment only as to that number of shares as to which it was exercisable on the date of termination of employment under the provisions of paragraph 1 of this option.

6. (a) This option may be exercised, to the extent specified above, by delivering a notice of exercise (in a form designated by the Company) together with the exercise price to the Secretary of the Company, or to such other person as the Company may designate, during regular business hours, together with such additional documents as the Company may then require.

(b) By exercising this option you agree that:

(i) the Company may require you to enter an arrangement providing for the cash payment by you to the Company of any tax withholding obligation of the Company arising by reason of: (1) the exercise of this option; (2) the lapse of any substantial risk of forfeiture to which the shares are subject at the time of exercise; or (3) the disposition of shares acquired upon such exercise; and

(ii) the Company (or a representative of the underwriters) may, in connection with the first underwritten registration of the offering of any securities of the Company under the Act, require that you not sell or otherwise transfer or dispose of any shares of Common Stock or other securities of the Company during such period (not to exceed one hundred eighty (180) days) following the effective date (the "Effective Date") of the registration statement of the Company filed under the Act as may be requested by the Company or the representative of the underwriters; provided, however, that such restriction shall apply only if, on the Effective Date, you are an officer, director, or owner of more than one percent (1%) of the outstanding securities of the Company. For purposes of this restriction you will be deemed to own securities which (i) are owned directly or indirectly by you, including securities held for your benefit by nominees, custodians, brokers or pledgees; (ii) may be acquired by you within sixty (60) days of the Effective Date; (iii) are owned directly or indirectly, by or for your brothers or sisters (whether by whole or half blood) spouse, ancestors and lineal descendants; or (iv) are owned, directly or indirectly, by or for a corporation, partnership, estate or trust of which you are a shareholder, partner or beneficiary, but only to the extent of your proportionate interest therein as a shareholder, partner or beneficiary thereof. You further agree that the Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such period.

7. This option is not transferable, except (i) by will or by the laws of descent and distribution, or (ii) by written instruction, in a form accepted by the Company, to your spouse, children, lineal ancestors and lineal descendants (or to a trust created solely for the benefit of you and the foregoing persons) or to an organization exempt from taxation pursuant to Section 501(c)(3) of the Code or to which tax deductible charitable contributions may be made under Section 170 of the Code (excluding such organizations classified as private foundations under applicable regulations and rulings), and is exercisable during your life only by you or a transferee satisfying these conditions. Notwithstanding the foregoing, by delivering written notice to the Company, in a form satisfactory to the Company, you may designate a third party who, in the event of your death, shall thereafter be entitled to exercise this option.

8. This option is not an employment contract and nothing in this option shall be deemed to create in any way whatsoever any obligation on your part to continue in the employ of the Company, or of the Company to continue your employment with the Company. In the event that this option is granted to you in connection with the performance of services as a consultant or director, references to employment, employee and similar terms shall be deemed to include the performance of services as a consultant or a director, as the case may be, provided, however, that no rights as an employee shall arise by reason of the use of such terms.

9. Any notices provided for in this option or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the address specified below or at such other address as you hereafter designate by written notice to the Company.

10. This option is subject to all the provisions of the Plan, a copy of which is attached hereto and its provisions are hereby made a part of this option, and this option is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the provisions of this option and those of the Plan, the provisions of the Plan shall control.

Dated the ___ day of ___, 20 ___.

Very truly yours,

QUESTCOR PHARMACEUTICALS, INC.

By: _____
Duly authorized on behalf
of the Board of Directors

4.

The undersigned:

(a) Acknowledges receipt of the foregoing option and the attachments referenced therein and understands that all rights and liabilities with respect to this option are set forth in the option and the Plan;

(b) Acknowledges that as of the date of grant of this option, it sets forth the entire understanding between the undersigned optionee and the Company and its affiliates regarding the acquisition of stock in the Company and supersedes all prior oral and written agreements on that subject with the exception of the following agreements only:

NONE

(Initial)

OTHER

Optionee: _____

Address: _____

SS# / Tax ID _____

Attachment:

Form of Exercise

NOTICE OF EXERCISE

Questcor Pharmaceuticals Inc.
3260 Whipple Road
Union City, California 94587

Date of Exercise: _____

Ladies and Gentlemen:

This constitutes notice under my stock option that I elect to purchase the number of shares for the price set forth below.

Type of option (check one) Incentive ___ Nonstatutory ___

Stock option dated _____

Stock option grant ID# _____

Number of shares as to which option is exercised: _____

Certificates to be issued in name of: _____

Total exercise price: \$ _____

+Cash payment delivered herewith: \$ _____

+All checks must be made payable to "Questcor Pharmaceuticals, Inc."

By this exercise, I agree (i) to provide such additional documents as you may require pursuant to the terms of the 2006 Equity Incentive Award Plan, (ii) to provide for the payment by me to you (in the manner designated by you) of your withholding obligation, if any, relating to the exercise of this option, and (iii) if this exercise relates to an incentive stock option, to notify you in writing within fifteen (15) days after the date of any disposition of any shares of Common Stock issued upon exercise of this option that occurs within two (2) years after the date of grant of this option or within one (1) year after such shares of Common Stock are issued upon exercise of this option.

Very truly yours,

1.



RESTRICTED STOCK AWARD AGREEMENT

THIS RESTRICTED STOCK AWARD AGREEMENT (the "Agreement") is entered into as of _____, 200_ by and between _____ (hereinafter referred to as "Purchaser") and Questcor Pharmaceuticals, Inc., a California corporation (hereinafter referred to as the "Company"), pursuant to the Company's 2006 Equity Incentive Award Plan (the "Plan"). Any capitalized term not defined herein shall have the same meaning ascribed to it in the Plan.

RECITALS:

A. Purchaser is an employee or director of the Company, and in connection therewith has rendered services for and on behalf of the Company or any Subsidiary.

B. The Company desires to issue shares of the Company's Common Stock to Purchaser for the consideration set forth herein to provide an incentive for Purchaser to remain in the service of the Company and to exert added effort towards its growth and success.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, and for other good and valuable consideration, the parties agree as follows:

1. Issuance of Shares. The Company hereby offers to issue to Purchaser an aggregate of _____ (_____) shares of Common Stock of the Company (the "Shares") on the terms and conditions herein set forth. Unless this offer is earlier revoked in writing by the Company, Purchaser shall have ten (10) days from the date of the delivery of this Agreement to Purchaser to accept the offer of the Company by executing and delivering to the Company two (2) copies of this Agreement, without condition or reservation of any kind whatsoever, together with the consideration to be delivered by Purchaser pursuant to Section 2 below, if applicable.

2. Consideration. The purchase price for the Shares shall be _____ (\$_____) per share, or a total of _____ (\$_____).

3. Vesting of Shares. Subject to the limitations contained herein, the Shares shall vest over a period of four years beginning _____, 20__ under the following schedule: 1/4 of the total number of Shares will vest on the first (1st) anniversary of the date of this Agreement. Thereafter, the remaining Shares will vest at the rate of 1/4th of the total Shares on each subsequent anniversary of the date of this Agreement, such that all Shares shall be vested as of the fourth (4th) anniversary of the date of this Agreement. Shares that are not vested shall be referred to as "Unvested Shares." Notwithstanding the foregoing, in the event of a Change in Control of the Company, then the Shares shall become vested as provided in Section 12.2 of the Plan. No additional shares shall vest after the date of termination of Purchaser's service to the Company.

4. Reconveyance Upon Termination of Service.

(a) Repurchase Right. The Company shall have the right (but not the obligation) to repurchase all or any part of the Unvested Shares (the “Repurchase Right”) in the event that the Purchaser’s service to the Company terminates for any reason. Upon exercise of the Repurchase Right, the Purchaser shall be obligated to sell his or her Unvested Shares to the Company, as provided in this Section 4. If the Purchase Price paid for the Shares is zero, then upon termination of service Purchaser shall be obligated to transfer his or her Unvested Shares to the Company without consideration.

(b) Consideration for Repurchase Right. The repurchase price of the Unvested Shares (the “Repurchase Price”) shall be equal to the Purchase Price, if any, of such Unvested Shares.

(c) Procedure for Exercise of Reconveyance Option. For sixty (60) days after the Termination Date or other event described in this Section 4, the Company may exercise the Repurchase Right by giving Purchaser and/or any other person obligated to sell written notice of the number of Unvested Shares which the Company desires to purchase. The Repurchase Price for the Unvested Shares shall be payable, at the option of the Company, by check or by cancellation of all or a portion of any outstanding indebtedness of Purchaser to the Company, or by any combination thereof.

(d) Notification and Settlement. In the event that the Company has elected to exercise the Repurchase Right as to part or all of the Unvested Shares within the period described above and the Company has previously issued certificates to Purchaser for the Shares, Purchaser or such other person shall deliver to the Company certificate(s) representing the Unvested Shares to be acquired by the Company within thirty (30) days following the date of the notice from the Company. The Company shall deliver to Purchaser against delivery of the Unvested Shares, checks of the Company payable to Purchaser and/or any other person obligated to transfer the Unvested Shares in the aggregate amount of the Repurchase Price, if any, to be paid as set forth in paragraph 4(b) above.

(e) Deposit of Unvested Shares. Purchaser shall deposit with the Company certificates representing the Unvested Shares, together with a duly executed stock assignment separate from certificate in blank, which shall be held by the Secretary of the Company. Purchaser shall be entitled to vote and to receive dividends and distributions on all such deposited Unvested Shares.

(f) Assignment. The Company may assign its Repurchase Right under this Section 4 without the consent of the Purchaser.

5. Restrictions on Unvested Shares. Unvested Shares may not be sold, transferred, pledged, or otherwise disposed of, except that such Unvested Shares may be transferred to a trust established for the sole benefit of the Purchaser and/or his or her spouse, children or grandchildren. Any Unvested Shares that are transferred as provided herein remain subject to the terms and conditions of this Agreement.

6. Adjustments Upon Changes in Capital Structure. In the event that the outstanding Shares of Common Stock of the Company are hereafter increased or decreased or changed into or exchanged for a different number or kind of shares or other securities of the Company by reason of a recapitalization, stock split, combination of shares, reclassification, stock

dividend, or other change in the capital structure of the Company, then Purchaser shall be entitled to new or additional or different shares of stock or securities, in order to preserve, as nearly as practical, but not to increase, the benefits of Purchaser under this Agreement, in accordance with the provisions of Section 12.1 of the Plan. Such new, additional or different shares shall be deemed "Shares" for purposes of this Agreement and subject to all of the terms and conditions hereof.

7. Shares Free and Clear. All Shares purchased by the Company (or otherwise returned to the Company) pursuant to this Agreement shall be delivered by Purchaser free and clear of all claims, liens and encumbrances of every nature (except the provisions of this Agreement and any conditions concerning the Shares relating to compliance with applicable federal or state securities laws), and the purchaser thereof shall acquire full and complete title and right to all of such Shares, free and clear of any claims, liens and encumbrances of every nature (again, except for the provisions of this Agreement and such securities laws).

8. Limitation of Company's Liability for Nonissuance; Unpermitted Transfers.

(a) The Company agrees to use its reasonable best efforts to obtain from any applicable regulatory agency such authority or approval as may be required in order to issue and sell the Shares to Purchaser pursuant to this Agreement. The inability of the Company to obtain, from any such regulatory agency, authority or approval deemed by the Company's counsel to be necessary for the lawful issuance and sale of the Shares hereunder and under the Plan shall relieve the Company of any liability in respect of the nonissuance or sale of such Shares as to which such requisite authority or approval shall not have been obtained.

(b) The Company shall not be required to: (i) transfer on its books any Shares of the Company which shall have been sold or transferred in violation of any of the provisions set forth in this Agreement, or (ii) treat as owner of such shares or to accord the right to vote as such owner or to pay dividends to any transferee to whom such shares shall have been so transferred.

9. Notices. All notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given and effective (i) when delivered by hand, (ii) when otherwise delivered against receipt therefor, or (iii) three (3) business days after being mailed if sent by registered or certified mail, postage prepaid, return receipt requested. Any notice shall be addressed to the parties as follows or at such other address as a party may designate by notice given to the other party in the manner set forth herein:

(a) if to the Company:

Questcor Pharmaceuticals, Inc.
3260 Whipple Road,
Union City, California, 94587,
Attention: Chief Financial Officer

(b) if to the Purchaser, at the address shown on the signature page of this Agreement or at his most recent address as shown in the employment or stock records of the Company.

10. Binding Obligations. All covenants and agreements herein contained by or on behalf of any of the parties hereto shall bind and inure to the benefit of the parties hereto and their permitted successors and assigns.

11. Captions and Section Headings. Captions and section headings used herein are for convenience only, and are not part of this Agreement and shall not be used in construing it.

12. Amendment. This Agreement may not be amended, waived, discharged, or terminated other than by written agreement of the parties.

13. Entire Agreement. This Agreement and the Plan constitute the entire agreement between the parties with respect to the subject matter hereof and supersede all prior or contemporaneous written or oral agreements and understandings of the parties, either express or implied.

14. Assignment. Purchaser shall have no right, without the prior written consent of the Company, to (i) sell, assign, mortgage, pledge or otherwise transfer any interest or right created hereby, or (ii) delegate his or her duties or obligations under this Agreement. This Agreement is made solely for the benefit of the parties hereto, and no other person, partnership, association or corporation shall acquire or have any right under or by virtue of this Agreement.

15. Severability. Should any provision or portion of this Agreement be held to be unenforceable or invalid for any reason, the remaining provisions and portions of this Agreement shall be unaffected by such holding.

16. Counterparts. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one agreement and any party hereto may execute this Agreement by signing any such counterpart. This Agreement shall be binding upon Purchaser and the Company at such time as the Agreement, in counterpart or otherwise, is executed by Purchaser and the Company.

17. Applicable Law. This Agreement shall be construed in accordance with the laws of the State of California without reference to choice of law principles, as to all matters, including, but not limited to, matters of validity, construction, effect or performance.

18. No Agreement to Employ. Nothing in this Agreement shall affect any right with respect to continuance of employment by the Company or any of its subsidiaries. The right of the Company or any of its subsidiaries to terminate at will the Purchaser's employment at any time (whether by dismissal, discharge or otherwise), with or without cause, is specifically reserved, subject to any other written employment agreement to which the Company and Purchaser may be a party.

19. "Market Stand-Off" Agreement. Purchaser agrees that, if requested by the Company or the managing underwriter of any proposed public offering of the Company's securities (including any acquisition transaction where Company securities will be used as all or part of the purchase price), Purchaser will not sell or otherwise transfer or dispose of any Shares held by Purchaser without the prior written consent of the Company or such underwriter, as the case may be, during such period of time, not to exceed 180 days following the effective date of the registration

statement filed by the Company with respect to such offering, as the Company or the underwriter may specify.

20. Tax Elections. Purchaser understands that Purchaser (and not the Company) shall be responsible for the Purchaser's own tax liability that may arise as a result of the acquisition of the Shares. Purchaser acknowledges that Purchaser has considered the advisability of all tax elections in connection with the purchase of the Shares, including the making of an election under Section 83(b) under the Internal Revenue Code of 1986, as amended ("Code"); Purchaser further acknowledges that the Company has no responsibility for the making of such Section 83(b) election. In the event Purchaser determines to make a Section 83(b) election, Purchaser agrees to timely provide a copy of the election to the Company as required under the Code.

21. Attorneys' Fees. If any party shall bring an action in law or equity against another to enforce or interpret any of the terms, covenants and provisions of this Agreement, the prevailing party in such action shall be entitled to recover reasonable attorneys' fees and costs.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

THE COMPANY:

QUESTCOR PHARMACEUTICALS, INC.

By: _____

Name: _____

Title: _____

PURCHASER:

_____ [Print Name]

Address: _____

CONSENT AND RATIFICATION OF SPOUSE

The undersigned, the spouse of _____, a party to the attached Restricted Stock Award Agreement (the "Agreement"), dated as of _____, hereby consents to the execution of said Agreement by such party; and ratifies, approves, confirms and adopts said Agreement, and agrees to be bound by each and every term and condition thereof as if the undersigned had been a signatory to said Agreement, with respect to the Shares (as defined in the Agreement) made the subject of said Agreement in which the undersigned has an interest, including any community property interest therein.

I also acknowledge that I have been advised to obtain independent counsel to represent my interests with respect to this Agreement but that I have declined to do so and I hereby expressly waive my right to such independent counsel.

Date: _____

(Signature)

(Print Name)