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: DECEMBER 20, 2001
(DATE OF EARLIEST EVENT REPORTED)

AKORN, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

LOUISIANA	0-13976	72-0717400
(STATE OR OTHER JURISDICTION OF INCORPORATION)	(COMMISSION FILE NUMBER)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

2500 MILLBROOK DRIVE
BUFFALO GROVE, ILLINOIS 60089
(Address of principal executive offices)

(847) 279-6100

(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

Item 5. Other Matters and Regulation FD Disclosure

On December 20, 2001, Akorn, Inc. ("Akorn") and NeoPharm, Inc., ("NeoPharm") entered into a $3.25 million five-year loan (the "Loan") to fund Akorn's efforts to complete its lyophilization facility located in Decatur, Illinois. In return for the financing, NeoPharm will receive priority for 15% of the production capacity of the new lyophilization facility. Akorn believes that the completion of the lyophilization will provide new and highly valuable manufacturing capacity and is an important component of its future growth.

Under terms of the Promissory Note, dated December 20, 2001, by Akorn to NeoPharm (the "Note"), interest will accrue at an initial rate of 3.6% and will be reset quarterly based upon NeoPharm's average return on its cash and readily tradable long and short-term securities during the previous calendar quarter. The principal and accrued interest is due and payable on or before maturity on December 20, 2006. The Note provides that Akorn will use the proceeds of the loan solely to validate and complete the lyophilization facility located in Decatur, Illinois.

In addition, the Note was executed in conjunction with a Processing Agreement, dated December 20, 2001, between Akorn and NeoPharm. The term of the Processing Agreement will have an initial term commencing on the date the warning letter sanctions imposed by the FDA pursuant to Form 483 or current GMP regulations on the facility have been removed (the `Effective Date") and ending on the later of (i) the fifth anniversary of the Effective Date or (ii) two years after Akorn pays all principal and interest on the Loan. The Processing Agreement will automatically extend for two additional five-year periods beyond the initial term, provided, however, that either Akorn or NeoPharm may terminate the Processing Agreement with 90 days notice prior to expiration. The Processing Agreement provides NeoPharm with the option of securing at least 15% of the capacity of Akorn's lyophilization facility each year. In addition, NeoPharm will receive the lowest price then being offered by Akorn for similar services for the manufacture of NeoPharm's products.

The Note will be subordinated to Akorn's senior debt owed to The Northern Trust Company ("Northern") under the Amended and Restated Created Agreement, dated September 15, 1999, as amended by a Forbearance Agreement, dated July 12, 2001 ("Akorn's Credit Facility") pursuant to a Subordination Agreement, dated December 20, 2001 between NeoPharm and Northern. This Subordination Agreement provides that NeoPharm will subordinate its rights to repayment of amounts due under the Note to Northern's rights to repayment of amounts due under Akorn's Credit Facility.

The Note will be senior to Akorn's subordinated debt owed to the John N. Kapoor Trust dtd. 9/29/89 (the "Trust") under a Convertible Bridge Loan and Warrant Agreement, dated July 13, 2001 ("Akorn's Subordinated Debt"), pursuant to a Subordination Agreement dated December 20, 2001 between NeoPharm and the Trust. This Subordination Agreement provides that the Trust will subordinate its rights to repayment of amounts due under the Akorn Subordination Agreement to NeoPharm's rights to repayment of amounts due under the Note.

In addition, the act of Akorn entering into the Note will or may cause one or more of the conditions of Akorn's Credit Facility to fail to be satisfied. Northern has granted a waiver to this violation pursuant to a Waiver Letter, dated as of December 20, 2001, between Akorn and Northern.

On December 21, 2001, Akorn issued a press release related to the transactions discussed in this Current Report on Form 8-K. A copy of the press release is attached as Exhibit 99.1.

Item 7. Financial Statements and Exhibits

(c) Exhibits

Exhibit Number	Description
99.1	Press Release dated December 21, 2001.

SIGNATURE

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

AKORN, INC.

By: /s/Bernard J. Pothast

Bernard J. Pothast, Chief Financial Officer

Dated: January 22, 2002

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press Release dated December 21, 2001.

EXHIBIT 99.1

AKORN, INC. ANNOUNCES FINANCING AGREEMENT WITH A BIOTECHNOLOGY COMPANY TO COMPLETE LYOPHILIZATION FACILITY

BUFFALO GROVE, IL, DECEMBER 21, 2001 -- AKORN, INC. (NASDAQ: AKRN) today announced that it had arranged financing to complete its state of the art lyophilization facility located in Decatur, Illinois. The financing is being provided by NeoPharm, Inc. (Nasdaq: NEOL), which has promising Neolipid products in Phase I, II, and III clinical trials that require lyophilization. Akorn initiated this project in 1999, but suspended further efforts until satisfactory financing arrangements had been made.

Under terms of the financing, Akorn will receive $3.25 million from NeoPharm, structured as a five-year loan. The principal and accrued interest is due and payable at the end of the five-year term. In return for the financing, NeoPharm will receive priority for 15% of the production capacity of the new lyophilization facility. Akorn anticipates that the facility will be completed and validated by the end of the third quarter of 2002. Dr. John N. Kapoor, Akorn's chairman and interim chief executive officer is also chairman of NeoPharm and holds substantial stock positions in both companies.

Many biotechnology products require lyophilization, which is the process of freeze drying sterile solutions to permit a shelf stable dosage form. Due to the expanding development and commercial pipeline in the biotechnology industry, a shortage of capacity has occurred. Since Akorn launched this development project, the Company has received a significant number of inquiries by major pharmaceutical and biotechnology companies regarding availability of lyophilization capacity. In addition, Akorn currently has substantial operations in contract manufacturing of liquid products for major pharmaceutical and biotechnology companies. The addition of lyophilization capacity will complement and further strengthen the contract manufacturing business segment of Akorn.

Tony Pera, Akorn's president and chief operating officer stated, "We are extremely excited to have structured this agreement with NeoPharm. This allows Akorn to complete the lyophilization project and to establish a key customer relationship. It will provide new and highly valuable production capacity for Akorn and is an important component of our future growth."

ABOUT AKORN, INC.

Akorn, Inc. manufactures and markets sterile specialty pharmaceuticals, and markets and distributes an extensive line of pharmaceuticals and ophthalmic surgical supplies and related products.

The information contained in this news release, other than historical information, consists of forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those described in such statements. Such statements, including, but not limited to, the timing of acquiring and developing new products, of bringing them on line and deriving revenues and profits from them, as well as the effects of those revenues and profits on the Company's margin and financial position are uncertain because many of the factor affecting the timing of those items are beyond the Company's control. Such statements are based on management's current expectations, but actual results may differ materially due to various factors including risks and uncertainties mentioned or referred to in this press release or in the filings the Company makes with the Securities and Exchange Commission including it annual reports on Form 10-K and its quarterly reports on Form 10-Q.