2007 ANNUAL REPORT

BREAKING THROUGH

Acorda Therapeutics, Inc. is a leading biopharmaceutical company developing novel therapies to repair and restore neurological function in people with MS, spinal cord injuries and other serious disorders.

DEAR MEMBERS OF THE ACORDA COMMUNITY,

Over the past year, we made significant advances on three levels essential to Acorda's ongoing success and long-term shareholder value: progress in the clinical development of Fampridine-SR; advancing our preclinical pipeline assets; and expanding our commercial capabilities in preparation for the launch of Fampridine-SR, if it is approved by the U.S. Food and Drug Administration (FDA).

We obtained a Special Protocol Assessment (SPA) and completed enrollment for a second Phase 3 trial of Fampridine-SR to assess walking improvement in people with multiple sclerosis (MS); top-line data are expected in the latter part of the second quarter of 2008. If this trial is successful, we believe we will have met pre-specified efficacy requirements outlined by the FDA and will move forward with a New Drug Application (NDA) filing. In early 2008, we completed a successful Thorough QT study, which is required to evaluate cardiac safety of any new drug candidate. We also acquired patents and intellectual property rights that will enable us to explore additional therapeutic indications for Fampridine-SR in the area of peripheral neuropathy.

While we maintained intense focus on Fampridine-SR as a key driver of Acorda's near-term growth, we also continued to advance promising new compounds in our pipeline toward the clinic.

Acorda is actively partnering with people with MS, advocates and healthcare providers. For example, we are pursuing a multifaceted educational program in collaboration with the National Multiple Sclerosis Society. This program, which focuses on the impact of walking disability, includes our sponsoring twenty of the top Walk MS events across the country in 2008.

In anticipation of filing Investigational New Drug (IND) applications with the FDA in late 2009, we began the manufacturing scale-up process for our remyelinating monoclonal antibody and neuregulin programs.

Commercially, we exceeded our goal of doubling annual gross sales of Zanaflex Capsules® (tizanidine hydrochloride), which rose 115% over 2006. I am encouraged by the performance of our marketing and sales organization, as it demonstrates our understanding of the neurology marketplace and our ability to successfully launch and drive product growth in this therapeutic category.

These accomplishments underscore the Company's ability to deliver on its promises, and they point to the potential for greater success and growth in the future.

BUILDING A FOUNDATION FOR LONG TERM SUCCESS

Over the last 13 years, we have developed deep expertise and insight into the needs of the neurology community, integrating scientific, clinical and commercial disciplines to create a company with an uncommon breadth of knowledge in the area of neurological recovery and repair. We have built relationships with world-renowned scientists and clinicians who serve as trusted advisors, and with all of the major patient advocacy organizations who serve the same patients we do. As a result, we believe we have established the capabilities and expertise necessary to bring novel neurological therapies from the lab to the clinic, through regulatory approval to commercial launch.

We also capitalized on an opportunity to build an exceptional sales organization by securing marketing rights to Zanaflex Capsules, a product prescribed by many of the same specialists who would prescribe products developed from our pipeline. This strategic acquisition has been key to establishing our commercial capabilities in neurology prior to the launch of Fampridine-SR, if approved.

For over a decade, Acorda has pursued its mission with passion and purpose: developing treatments that can improve function in people with multiple sclerosis, spinal cord injury and other serious disorders, thereby giving them greater options and opportunities.

Marketing Zanaflex Capsules has enabled us to gain valuable experience and strengthen our relationships with relevant patient organizations, prescibers, payors and key opinion leaders. This strategy is already paying dividends – we expect Zanaflex commercial operations to be cash-flow positive in 2008. Based on this success, our sales force has expanded more than fourfold in two years, from 14 to 65 professionals. Most importantly, we have the elements in place to be a world-class neurology marketing and sales organization.

Gross sales of Zanaflex Capsules increased from $2.5 million in 2005 to $38.8 million in 2007. Despite the availability of generic tizanidine tablets, our sales and marketing organization has been able to help healthcare providers and payors understand the unique value of Zanaflex Capsules. The same team driving this success will develop and execute the commercial strategy for the launch of Fampridine-SR, if approved.

SETTING THE STAGE FOR FAMPRIDINE-SR

We believe that Fampridine-SR, if approved, could represent a fundamental shift in the treatment of people with MS because it is designed to improve ambulation, a key neurological function, rather than treating the symptoms or slowing the progression of disease, as current treatments do. However, what makes Fampridine-SR novel also makes its progression from the clinic to the marketplace uniquely demanding. We have leveraged the multi-disciplinary knowledge within our organization to design outcome measures that, based on our SPA, we believe appropriately evaluate the efficacy of this compound and provide the data necessary for regulatory review.

To introduce and successfully market a new treatment option of this kind will require a specialized understanding of the market. Our organization has developed this expertise over several years, as demonstrated by such achievements as our successful initial Phase 3 trial of Fampridine-SR and the outstanding performance of our commercial group in growing our Zanaflex franchise over the past three years. By engaging with potential customers through our work on Zanaflex, our commercial group has gained insights into patient needs from constit-uents who will impact the market performance of Fampridine-SR, if approved.

We still have important milestones ahead of us – including the need to complete a second successful Phase 3 trial in mobility and submit an NDA to the FDA. If Fampridine-SR is approved, I believe we are well positioned for success in the commercial arena.

If approved, Fampridine-SR would offer patients and healthcare providers a new tool which, by improving the key neurological function of ambulation, may complement existing therapies that attempt to slow the progress of MS.

ADVANCING OUR PIPELINE ASSETS

We are keenly aware of our short-term need to focus resources on bringing Fampridine-SR to the finish line. At the same time, we also have kept our preclinical pipeline moving forward because we believe our most impactful therapies may be yet to come. Published data from both our own studies and multiple external academic groups indicate that our three lead preclinical products have the potential to significantly advance treatment of MS, spinal cord injury and other serious disorders. We believe that they represent exceptional opportunities in medicine that have significant commercial potential.

We are conducting our remyelinating monoclonal antibody program in partnership with the Mayo Clinic. In preclinical studies, these antibodies have

Multiple sclerosis is a debilitating disease that destroys the insulating myelin around nerve fibers, thus impairing nerve function. It affects over 400,000 people in the U.S. and an estimated 2.5 million people worldwide – often in the prime of life.

been shown to regenerate myelin on damaged nerves, a unique approach to reversing MS-related nerve damage. We expect to complete manufacturing scale-up for this program in 2008, and pending initial toxicology results, plan to file an IND application with the FDA in late 2009, in order to begin clinical trials.

Our neuregulin molecules have demonstrated extensive neurological protection in a number of indications, including preclinical models of MS and stroke. In addition, the neuregulins have shown the ability to reduce and even reverse dysfunction resulting from congestive heart failure by directly strengthening and protecting heart muscle cells. We are scaling up manufacture of our lead neuregulin candidate and aim to submit an IND in late 2009. If we pursue a cardiovascular indication, we may seek a partner with expertise in that area to complete development and commercialization. In turn, this could provide resources for Acorda to further develop our pipeline programs.

In preclinical studies, chondroitinase has been shown to enable repair of nerve connections and recovery of function after injuries to the spinal cord or brain. While at an earlier stage of development than our other two preclinical programs, in my opinion this ultimately may be the most exciting. I look forward to keeping you informed about future milestones in its development.

THE RIGHT APPROACH TO CREATING VALUE

While no company can capture the entirety of its culture, outlook and promise in a few paragraphs, I hope this letter has conveyed the excitement we have about our future and why we believe this is a company that will continue both to serve the needs of patient and to reward shareholders.

I also want to thank each of Acorda's growing number of associates, as well as our shareholders and partners, for believing in the Company's vision and participating in its growth.

> *"I wonder if I'll be able to walk down the aisle with my children when they get married."*
>
> ***Tobi Rogowsky,*** *person living with MS, Westchester, NY*

As we work to achieve significant milestones in 2008 and beyond, we will continue to nurture your Company with a sense of purpose and constant attention to the quality and integrity of everything we do. We are intent on improving the lives of people affected by multiple sclerosis, spinal cord injuries and other serious disorders, and thereby delivering significant shareholder value.

I look forward to reporting on our further progress next year.

Ron Cohen, M.D.

President and Chief Executive Officer