AMPYRA®
Walking in MS — MARKETED

AMPYRA®
Other MS Indications — PHASE 3

AMPYRA®
Cerebral Palsy — PHASE 2

AMPYRA®
Chronic Stroke — PHASE 2

ZANAFLEX CAPSULES®
Spasticity — MARKETED

AC105
SCI — PHASE 2

GGF2
Heart Failure — PHASE 1

rHIgM22
MS — PRE-IND

CHONDROITINASE
SCI — R&D

Disciplined Investment

Long Term Growth

Neurology Leadership

Dear Members of the Acorda Community:

In my letter to shareholders last year, I highlighted three priorities to position Acorda for long-term growth: maximizing the AMPYRA® franchise; advancing our existing pipeline into the clinic; and pursuing accretive product acquisitions. I'm pleased to report that we have made steady progress against each of those objectives over the past 12 months.

In 2011, AMPYRA showed quarter-over-quarter growth throughout the year. Our marketing efforts since launch have led to high awareness of AMPYRA among healthcare professionals – approximately 90% of all neurologists and virtually 100% of high-decile MS specialist neurologists have written at least one prescription for AMPYRA. However, as of mid-2011, awareness was approximately 30% among people with MS. This represents a significant opportunity to increase awareness, motivate people with MS to speak with their healthcare professionals about walking and AMPYRA, and ultimately increase the number of people who initiate therapy. Therefore, we are now weighting our commercial activities more heavily towards reaching and educating people with MS and their caregivers.

We added significant patent protection for AMPYRA in 2011. The United States Patent and Trademark Office (USPTO) issued a key patent application related to the use of dalfampridine in improving walking and increasing walking speed in patients with MS. Based on the USPTO's final patent term adjustment, this patent will extend into 2027. This issued patent is listed in the Orange Book.

We were also pleased by our success, collaborating closely with our partner Biogen Idec, in reversing earlier rejections of marketing applications and achieving approvals of FAMPYRA® (the brand name for AMPYRA outside the U.S.) in the European Union (2011) and Canada (2012). To date, FAMPYRA has also been approved in Australia and New Zealand, with additional regulatory filings expected.

Our new patent has added significant value and "runway" to the brand. As a result, we are investing in exploring the potential to expand the AMPYRA franchise to other areas of MS, and to other diseases such as adult cerebral palsy (CP) and chronic stroke. In December 2011, we initiated a proof-of-concept study in adults with CP, and plan to start a proof-of-concept study in chronic stroke in the second half of 2012. We are also supporting several investigator-initiated studies to explore new potential endpoints within MS and in additional new disease indications.

Our other R&D efforts have also made gratifying advances since my last report, with a Phase 1 trial of GGF2 in heart failure ongoing and continued progress in moving rHIgM22 into the clinic. We also acquired a mid-stage clinical product in 2011 – neuroprotective agent AC105 – and signed an agreement in early 2012 giving us the right to buy Neuronex, Inc., a company developing an intranasal diazepam spray (DZNS) for breakthrough acute repetitive epileptic seizures in refractive patients. A Phase 2 trial for AC105 in acute spinal cord injury is expected to begin by the end of 2012, and DZNS data are being collected and will be prepared for U.S. Food and Drug Administration (FDA) review.

Acorda is now a fully integrated biopharmaceutical company. We have brought to market an important therapeutic product, AMPYRA, that addresses a critical unmet need for people with MS and also has the potential for exciting new indications, and we have a robust pipeline of clinical or near-clinical stage products.

One of the biggest pitfalls faced by biopharmaceutical companies is investing too much and too long in initiatives that ultimately are not productive. Consequently, at Acorda, we take a highly disciplined approach to funding the Company's programs. All preclinical and clinical programs are built on a foundation of reproducible and compelling evidence, with built-in, clear "go/no-go" signals to ensure we are spending efficiently and supporting programs with the best likelihood of success. Likewise, we measure the outputs of each of our commercial programs to assess which are providing the greatest return on investments.

Our priorities in 2012 are to continue to grow AMPYRA within its current indication in the U.S., to advance trials for additional potential indications in MS and in other disease states such as adult CP and chronic stroke, and to advance our exciting pipeline of other products in clinical trials. We believe that our current pipeline is right-sized for a company at Acorda's current stage of development. For business development moving forward, we are focused primarily on leveraging our neurology specialty commercial organization, and are evaluating near-term commercial opportunities in neurology that would be potentially accretive.

I look forward to keeping you updated on our progress in 2012. Thank you for your continuing support as we work toward becoming the leader in developing and commercializing neurological therapies.

Ron Cohen
President and Chief Executive Officer

In 2012, our marketing efforts will focus significantly on raising consumer awareness of “The Walking Pill™,” as we have branded AMPYRA.

AMPYRA 2011 Highlights and 2012 Opportunities

AMPYRA® (dalfampridine) Extended Release Tablets, 10 mg U.S. net sales were $210.5 million in 2011, and approximately 19,000 people with MS tried AMPYRA in 2011. Through the end of 2011, more than 60,000 people in the U.S. had received an AMPYRA prescription since launch in March 2010, representing approximately 30% of all eligible MS patients. We believe this is excellent market penetration for the first 22 months of availability. It also indicates that the majority of eligible patients have not yet tried AMPYRA, providing ample room for the growth of the brand within its current indication.

Physician awareness of AMPYRA is high, and we are continuing programs launched in 2011 to further educate physicians about the broad range of patients who can benefit from therapy, including those who are at an early stage of walking impairment.

In 2012, our marketing efforts will focus significantly on raising consumer awareness of AMPYRA. As of the middle of 2011, about 30% of MS patients were aware of AMPYRA. We are implementing new online and in-person programs to help people with MS identify whether or not walking problems are having an effect on their lives, and to educate them about “The Walking Pill™,” as we have branded AMPYRA. These programs will focus on motivating people with MS to ask their healthcare professionals about walking impairment and AMPYRA.

Prescription data since launch show high persistency and compliance among patients taking AMPYRA. As of December 31, 2011, the rate of first refill for patients taking AMPYRA was 70%, and 40% continued to refill after six months of therapy. In addition, the compliance rate was 90% (on average, patients taking 1.8 pills per day). Based on this data, we believe that investing in programs to drive consumer demand this year will contribute meaningfully to the long-term value of the AMPYRA franchise.

Biogen has launched FAMPYRA® in several European countries to date, and expects to launch in most of the remaining EU countries by the end of 2012. FAMPYRA has also been launched in Australia, and most recently in Canada. Regulatory filings are planned for more than 20 additional markets in 2012. Acorda receives a double-digit royalty from Biogen based on net sales in all markets outside the United States.

In 2011, the ZANAFLEX® (tizanidine hydrochloride) franchise again contributed meaningfully to our bottom line, with full year net revenue of $45.8 million and full year shipments of $60.7 million.

ZANAFLEX CAPSULES

We were very pleased with our ability to retain exclusivity for ZANAFLEX CAPSULES® (tizanidine hydrochloride) through February 2012, when the FDA approved a generic version of the drug. Immediately following availability of the generic, we partnered with Watson Pharmaceuticals, inc. to launch an authorized generic version of ZANAFLEX CAPSULES. We will receive a royalty on net sales of this product, enabling us to capture some of the revenue that would have otherwise been lost due to the availability of a generic.

Acorda’s history with ZANAFLEX CAPSULES exemplifies the Company’s strategic approach to building value. When we acquired the ZANAFLEX franchise in 2004, it was primarily intended to help fund the development of our commercial capabilities while we were working to get AMPYRA approved. Eventually, even though we launched the product into a market that was about 95% generic, we were able to build the ZANAFLEX franchise to peak net sales of approximately $50 million. Most importantly, it allowed us to build a sales force and commercial infrastructure, gaining vital experience in the neurology marketplace in advance of the launch of AMPYRA. While the ZANAFLEX franchise was supposed to be only a bridge to AMPYRA, it lasted longer and added far more value to the Company than anyone expected.

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Following our successful launch of AMPYRA in 2010, we were able to focus more on building the value in Acorda's pipeline. We made important progress in 2011, both in advancing our existing pipeline, and in acquiring two potentially valuable new product opportunities.

AMPYRA
We believe that AMPYRA may potentially address additional unmet needs both within MS and in other disease states.

Advancing the Pipeline

Cerebral Palsy (CP) — In late 2011, we initiated a proof-of-concept study in adults with CP, a cluster of disorders involving perinatal brain damage including disruption of normal myelination, that results in motor weakness, walking impairment, spasticity and other neurological deficits. There are no medical therapies that specifically address motor weakness and walking impairment in these patients. More than 400,000 adults in the United States are afflicted with CP.

Chronic Stroke — In the second half of 2012, we plan to begin a proof-of-concept clinical trial examining AMPYRA's potential use in chronic stroke patients. Chronic stroke refers to the neurological deficits that remain in people who have had a stroke, usually at least six months in the past, and up to decades earlier. Over seven million Americans have suffered a stroke, and about 800,000 new cases of stroke occur annually in the U.S. More than half of stroke survivors have ongoing sensorimotor and/or walking impairments, and there are no pharmaceutical treatments for such impairments. In 2011, an independent laboratory study showed that AMPYRA significantly improved both forelimb and hind limb sensorimotor function in a preclinical model of stroke. These data were awarded an oral presentation at the International Stroke Conference in February 2012.

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Other Indications — We are supporting multiple investigator-initiated studies assessing the use of AMPYRA in treating a range of MS symptoms and other neurological diseases.

GGF2
GGF2 is a member of the neuregulin family of proteins, and has been shown in multiple preclinical studies to have powerful protective and restorative effects on both heart muscle and nerve tissues. We initiated a Phase 1 study at the end of 2010 in heart failure, and expect initial results by the end of this year. We also have exciting preclinical data in protecting peripheral nerves from traumatic damage, including damage associated with prostate surgery, and in protecting the brain in acute stroke, even if GGF2 is administered up to seven days after the stroke itself.

AC105
In July 2011, we in-licensed neuroprotective drug candidate AC105 from Medtronic. A novel therapeutic composed of magnesium chloride in a polyethylene glycol (PEG) formulation, preclinical studies have shown that acute administration of AC105 can improve functional outcomes following spinal cord injury (SCI). We plan to initiate a Phase 2 clinical trial in acute SCI by the end of 2012. There are approximately 12,000 new spinal cord injuries each year. AC105 may also have application in acute treatment of traumatic brain injury (TBI) and stroke.

Acorda made a $3 million upfront payment to Medtronic in 2011 for the rights to develop AC105 in SCI and certain other indications, and will make up to $32 million in regulatory and development milestone payments. A single-digit sales royalty will also be paid by Acorda to Medtronic if AC105 is commercialized by Acorda.

rHIgM22
rHIgM22 is a human recombinant monoclonal antibody that has been shown to stimulate repair of myelin in the nervous system. Currently, there is no available therapy that directly repairs myelin damage in demyelinating diseases such as MS. Pending the needed final assay work, we plan to file an Investigational New Drug (IND) application to initiate a clinical trial of rHIgM22 in MS patients.

ACORDA® THERAPEUTICS

Both the potential Neuronex transaction and our acquisition of AC105 underscore our commitment to spending capital judiciously, investing in low-cost, high-opportunity products.

Diazepam Nasal Spray (DZNS)
In February 2012, we signed an agreement to acquire Neuronex, Inc., which is developing DZNS, a potential treatment for acute repetitive epileptic seizures that break through existing baseline antiepileptic regimens in certain patients.

We made an upfront payment of $2.5 million, with obligations to pay up to an additional $700,000 in certain research and development costs. A $6.8 million payment is required, at Acorda's discretion, to close the acquisition following a pre-NDA meeting with the FDA to determine the regulatory pathway for the product. Acorda would also potentially pay additional milestones and sales royalties.

Both this potential transaction and our acquisition of AC105 underscore our commitment to spending capital judiciously, investing in low-cost, high-opportunity products. In both cases, we were able to weight the majority of payments toward attainment of important clinical and regulatory milestones, including marketing approvals. While drug development cannot be completely de-risked, the structure of these deals enabled us to acquire assets that have solid scientific and commercial potential with reasonable upfront investments.

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