CBS CORP
Form 8-K
February 01, 2018

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): February 1, 2018
CBS CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	001-09553	04-2949533
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

51 West 52nd Street, New York, New York	10019
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (212) 975-4321
Not Applicable
(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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).
Emerging growth company ¨
If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨

Item 8.01 Other Events.

On February 1, 2018, CBS Corporation issued the press release that is filed herewith as Exhibit 99 and is incorporated by reference herein in its entirety.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits. The following Exhibit is filed as part of this Report on Form 8-K:

Exhibit Number	Description of Exhibit
99	Press release of CBS Corporation dated February 1, 2018.

SIGNATURE

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.

CBS CORPORATION
(Registrant)

By: /s/ Lawrence P. Tu
Name: Lawrence P. Tu
Title: Senior Executive Vice President and Chief Legal Officer

Date: February 1, 2018

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Unrealized loss on investment securities

(25,554

)

(25,554

)

Net loss

(44,740,764

)

(44,740,764

)

Total Comprehensive loss

(44,766,318

)

Balance at December 31, 2004

1,306,068

$

1,306

900,000

$

900

333,333

$

333

2,300,000

$

2,300

1,575,229

$

1,575

197,548

$

198

$

111,957,403

$

(172,511,684

)

$

(23,036

)

$

(60,570,705

)

See accompanying Notes to Consolidated Financial Statements.

ACORDA THERAPEUTICS, INC. AND SUBSIDIARY

Consolidated Statements of Changes in Stockholders Equity (Deficit) (Continued)

Stockholders (deficit)																
	Series A convertible preferred stock		Series B convertible preferred stock		Series C convertible preferred stock		Series F convertible preferred stock		Series H convertible preferred stock		Common Stock					
	Number of shares	Par value	Number of shares	Par value	Number of shares	Par value	Number of shares	Par value	Number of shares	Par value	Number of shares	Par value	Additional paid-in capital	Accumulated Deficit	Accumulated Comprehensive Income (Loss)	Total stockholders (deficit)
rch and opment se for ce of options to mployees														66,931		66,931
ensation se for ce of options to yees														2,423,173		2,423,173
ensation se for ce of ted stock oloyees														1,881,836		1,881,836
se of options													11,163	15	20,433			20,448
r one hree e stock														(4)	4			
ion of ce costs l to Series ndatorily nable rtible red stock															(108,292)			(16,376
al of red nds of J torily nable rtible red stock															(5,341,373)			(4,421,377
ed nds on red stock uction in rsion Series E															(11,629,843)			(11,629,84
ed nds on red stock uance of red stock eneficial rsion e, J															(7,769,083)			(7,769,083
rehensive																	21,476	21,476

lized gain estment ies														
ss													(35,530,247)	(35,530,24
rehensive														(35,508,71
ce at nber 31,	**1,306,068**	**$ 1,306**	**900,000**	**$ 900**	**333,333**	**$ 333**	**2,300,000**	**$ 2,300**	**1,575,229**	**$ 1,575**	**208,732**	**$ 209**	**$ 91,501,190**	**$ (208,041,931)**	**$ (1,560)**	**$ (116,535**

See accompanying Notes to Consolidated Financial Statements.

ACORDA THERAPEUTICS, INC. AND SUBSIDIARY
Consolidated Statements of Changes in Stockholders Equity (Deficit) (Continued)

Stockholders equity															
Series A convertible preferred stock		Series B convertible preferred stock		Series C convertible preferred stock		Series F convertible preferred stock		Series H convertible preferred stock		Common Stock					
Number of shares	Par value	Number of shares	Par value	Number of shares	Par value	Number of shares	Par value	Number of shares	Par value	Number of shares	Par value	Additional paid-in capital	Accumulated Deficit	Accumulated Comprehensive Income (Loss)	Total stockholders equity (deficit)
rch and opment nse for nce of options to mployees													1,444		1,444
pensation nse for nce of options to oyees													2,087,602		2,087,602
pensation nse for nce of cted stock ployees											340,760	341	1,755,167		1,755,167
cise of options											220,105	220	669,452		669,672
etion of nce costs d to atorily mable ertible rred stock													(270,725	)	(270,725
ual of rred ends of s J atorily mable ertible rred stock													12,734,009		12,734,00
ned ends on rred stock suance of rred stock beneficial ersion re													(48,470,740	)	(48,470,74
ersion ertible rred stock mmon	(1,306,068)	(1,306)	(900,000)	(900)	(333,333)	(333)	(2,300,000)	(2,300)	1,575,229	(1,575)	13,338,278	13,338	127,207,605		127,219,7
mon stock d pursuant O, net of ng costs of 4,373											6,075,614	6,076	31,453,233		31,459,30
mon stock d pursuant vate ment, net fering costs 718,584											3,230,769	3,231	29,778,183		29,781,41
											32,634	33	195,773		195,806

mon stock d pursuant hless ise of nts						
mon stock d pursuant nversion of ertible	210,863	211	2,499,789			2,500,000
ulative t of change counting ple			(454,225)			(454,225
prehensive						
alized gain vestment ities					14,900	14,900
oss				(24,019,372)		(24,019,3
prehensive						(24,004,4
nce at mber 31,	**23,657,755**	**$ 23,658**	**$ 250,693,024**	**$ (232,061,303)**	**$ 13,340**	**$ 18,668,**

See accompanying Notes to Consolidated Financial Statements.

ACORDA THERAPEUTICS, INC. AND SUBSIDIARY
Consolidated Statements of Cash Flows

	Year ended December 31, 2006	Year ended December 31, 2005	Year ended December 31 2004
Cash flows from operating activities:			
Net loss	$ (24,019,372)	$ (35,530,247)	$ (44,740,764)
Adjustments to reconcile net loss to net cash used in operating activities:			
Stock compensation expense	3,844,554	4,371,940	9,063,517
Amortization of note discount	55,944	119,368	154,062
Amortization of discount on short-term investments	(332,069)	202,798	1,723,827
Cumulative effect of change in accounting principle	(454,225)		
Amortization of revenue interest issuance cost	72,741	12,012	
Accretion of discount	47,282	148,272	
Realized/unrealized gain/loss on warrants	46,782	(65,762)	
Depreciation and amortization expense	1,785,941	1,477,828	1,191,860
(Gain) Loss on disposal of property and equipment	587	(4,466)	
Gain on put/call liability	(50,000)		
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	(3,726,847)	1,333,586	(1,922,838)
Decrease (increase) in grant receivables	82,174	(13,363)	29,366
Decrease (increase) in prepaid expenses and other current assets	1,344,167	(2,867,451)	45,904
Decrease (increase) in inventory held by the Company	885,817	(2,880,381)	(192,452)
Increase in inventory held by others	(349,461)	(939,855)	(230,748)
Decrease (increase) in other assets	(18,528)		2,282
Increase (decrease) in accounts payable, accrued expenses, other liabilities	(4,538,197)	7,428,878	(3,384,347)
Increase (decrease) in returns liability	(1,831,211)	(2,250,699)	4,081,910
Increase (decrease) in amounts due to related party			(128,566)
Increase (decrease) in deferred grant revenue			(48,043)
Increase (decrease) in deferred product revenue tablets	(2,392,623)	5,226,106	6,668,491
Increase in deferred product revenue Capsules	6,098,054	4,841,107	
Increase (decrease) in royalty payable		(750,000)	750,000
Restricted cash	(11,388)	(6,425)	(2,490)
Net cash used in operating activities	(23,459,878)	(20,146,754)	(26,939,029)
Cash flows from investing activities:			
Purchases of property and equipment	(527,458)	(199,664)	(531,770)
Purchases of intangible assets		(3,000,000)	(2,000,000)
Purchases of short-term investments	(46,293,380)	(11,520,820)	(19,179,583)
Proceeds from maturities of short-term investments	12,986,000	18,735,000	40,283,788
Net cash (used in) provided by investing activities	(33,834,838)	4,014,516	18,572,435
Cash flows from financing activities:			
Proceeds from issuance of preferred stock, net of issuance costs			11,446,219
Proceeds from issuance of common stock and option exercises	61,910,395	20,443	8,285
Proceeds from issuance of notes payable		5,785,215	
Proceeds from issuance of warrants		214,785	
Proceeds from sale of revenue interest	5,000,000	14,308,692	
Repayments of revenue interest liability	(2,245,012)		
Repayments of notes payable	(1,031,058)	(4,164,710)	(323,971)
Net cash provided by financing activities	63,634,325	16,164,425	11,130,533
Net increase in cash and cash equivalents	6,339,609	32,187	2,763,939
Cash and cash equivalents at beginning of period	11,761,299	11,729,112	8,965,173
Cash and cash equivalents at end of period	$ 18,100,908	$ 11,761,299	$ 11,729,112
Supplemental disclosure:			
Cash paid for interest	$ 1,950,420	$ 555,414	$ 54,835
Non-cash charges related to convertible preferred stock:			
Beneficial conversion feature	48,470,740	19,398,926	19,452,073
Accretion of issuance costs	270,725	108,292	106,223
Preferred dividend	(12,734,009)	5,341,373	5,188,041
Non-cash activities:			
Conversion of preferred stock to common stock	127,219,795		
Accrued Zanaflex milestone payments	5,000,000		
Conversion of note payable into common stock	2,500,000		
Conversion of warrant payable into common stock	207,501		
Accrued inventory		2,514,009	

See accompanying Notes to Consolidated Financial Statements.

ACORDA THERAPEUTICS, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements

(1) Organization and Business Activities

Acorda Therapeutics, Inc. (Acorda or the Company) is a commercial stage biopharmaceutical company dedicated to the identification, development and commercialization of novel therapies that improve neurological function in people with multiple sclerosis (MS), spinal cord injury and other disorders of the central nervous system.

The Company completed an initial public offering on February 9, 2006. As part of that offering, 6,075,614 shares of the Company s common stock were sold, resulting in net proceeds of approximately $31.5 million after deducting the underwriting discount and offering expenses payable by the Company.

Upon the closing of the initial public offering, all of the Company s convertible preferred stock and mandatorily redeemable convertible preferred stock was converted into 13,338,278 shares of common stock. This conversion resulting in the following: (a) recognition of the unamortized portion of a beneficial conversion charge of $48.5 million; (b) recognition of the unamortized portion of issuance costs relating to Series E, Series I, Series J and Series K preferred stock of $271,000; and (c) net reversal of accrued preferred dividends on Series J and Series K preferred stock of $12.7 million (see Note 3 to the consolidated financial statements).

The Company completed a private placement on October 6, 2006. As part of that offering, 3,230,769 shares of the Company s common stock were sold, resulting in net proceeds to the Company of approximately $29.8 million, net of issuance costs.

The Company is devoting substantially all of its efforts to promoting sales of Zanaflex Capsules, conducting clinical trials, pursuing regulatory approval for products under development, and engaging in preclinical development. The Company has begun to generate product revenues but has not achieved profitable operations or positive cash flows from operations. There is no assurance that profitable operations, if ever achieved, could be sustained on a continuing basis. The Company s accumulated deficit since inception through December 31, 2006 was $232.1 million and the Company expects to continue to incur losses for the foreseeable future. Further, the Company s future operations are dependent on the success of the Company in commercializing Zanaflex Capsules, completing the clinical development of Fampridine-SR in MS and obtaining regulatory approval and market acceptance of this product candidate and advancing its preclinical programs.

The Company finances its operations through a combination of issuance of equity securities, revenues from Zanaflex Capsules, loans and, to a lesser extent, grants. There are no assurances that the Company will be successful in obtaining an adequate level of financing needed to fund its development and commercialization efforts. The Company believes that its current financial resources and sources of liquidity will be sufficient to fund operations and meet financial obligations through the first quarter of 2008 based on the Company s current projected revenue and spending levels. To the extent the Company s capital resources are insufficient to meet future operating requirements, the Company will need to raise additional capital, reduce cash expenditures or incur indebtedness to fund its operations. The Company may be unable to obtain additional debt or equity financing on acceptable terms, if at all. If adequate funds are not available, the Company may be required to curtail its sales and marketing efforts, delay, reduce the scope of or eliminate some of its research and development programs or obtain funds through arrangements with collaborative partners or others that may require us to relinquish rights to certain product candidates that it might otherwise seek to develop or commercialize independently.

(2) Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of the consolidated financial statements requires management of the Company to make a number of estimates and assumptions relating to the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include research and development (clinical trial accrual), beneficial conversion charges, stock warrants and option accounting, which are all dependent on the fair value of the Company s equity security. In addition, the Company recognizes revenue based on estimated prescriptions filled. The Company adjusts its inventory value based on an estimate of inventory that may be returned. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments with maturities of three months or less from date of purchase to be cash equivalents. All cash and cash equivalents are held in United States financial institutions and money market funds, which are unrestricted as to withdrawal or use. To date, the Company has not experienced any losses on its cash and cash equivalents. The carrying amount of cash and cash equivalents approximates its fair value due to its short-term and liquid nature.

Restricted Cash

Restricted cash represents a certificate of deposit placed by the Company with a bank for issuance of a letter of credit to the Company s lessor for office space.

Short-Term Investments

Short-term investments consist of corporate debt securities with maturities greater than three months. In accordance with Statement of Financial Accounting Standards (SFAS) No. 115 (SFAS 115), *Accounting for Certain Investments in Debt and Equity Securities*, the Company classifies its short-term investments as available-for-sale. Available-for-sale securities are recorded at fair value of the investments based on quoted market prices. The Company considers all of these investments to be available-for-sale.

Unrealized holding gains and losses on available-for-sale securities, which are determined to be temporary, are excluded from earnings and are reported as a separate component of other comprehensive income (loss).

Premiums and discounts on investments are amortized over the life of the related available-for-sale security as an adjustment to yield using the effective-interest method. Dividend and interest income are recognized when earned. Realized gains and losses are determined on the average cost method. Amortized premiums and discounts, dividend and interest income and realized gains and losses are included in interest income.

Inventory

Inventory is stated at the lower of cost or market value and includes amounts for both Zanaflex tablet and Zanaflex capsule inventories. All inventories consist of finished goods. Cost is determined

using the first-in, first-out method (FIFO) for all inventories. The Company adjusts its inventory value based on an estimate of inventory that may be returned and has established reserves for obsolescence or excess inventory.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, which range from three to seven years. Leasehold improvements are recorded at cost, less accumulated amortization, which is computed on the straight-line basis over the shorter of the useful lives of the asset or the remaining lease term. Expenditures for maintenance and repairs are charged to expense as incurred.

Intangible Assets

The Company has recorded intangible assets related to its Zanaflex acquisition. These intangible assets are amortized on a straight line basis over the period in which the Company expects to receive economic benefit and are reviewed for impairment when facts and circumstances indicate that the carrying value of the asset may not be recoverable. The determination of the expected life will be dependent upon the use and underlying characteristics of the intangible asset. In the Company s evaluation of the intangible assets, it considers the term of the underlying patent life and the expected life of the product line. If the carrying value is not recoverable, impairment is measured as the amount by which the carrying value exceeds its estimated fair value. Fair value is generally estimated based on either appraised value or other valuation techniques.

Impairment of Long-Lived Assets

In accordance with the Financial Accounting Standards Board (FASB) SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Company continually evaluates whether events or circumstances have occurred that indicate that the estimated remaining useful life of its long-lived assets may warrant revision or that the carrying value of these assets may be impaired. The Company evaluates the realizability of its long-lived assets based on profitability and cash flow expectations for the related asset. Any write-downs are treated as permanent reductions in the carrying amount of the assets. Based on this evaluation, the Company believes that, as of each of the balance sheet dates presented, none of the Company s long-lived assets was impaired.

Patent Costs

Patent application and maintenance costs are expensed as incurred.

Research and Development

Research and development expenses include the clinical development costs associated with the Company s product candidates and research and development costs associated with the Company s preclinical programs. These expenses include internal research and developments costs and the costs of research and development conducted on behalf of the Company by third parties, including sponsored university-based research agreements, and clinical study vendors. All research and development costs are expensed as incurred. Costs incurred in obtaining technology licenses are charged immediately to research and development expense if the technology licensed has not reached technological feasibility and has no alternative future uses.

Accounting for Income Taxes

Income taxes are accounted for under the asset and liability method with deferred tax assets and liabilities recognized for the future tax consequences attributable to differences between the financial

statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be reversed or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date. Deferred tax assets are reduced by a valuation allowance for the amounts of any tax benefits which, more likely than not, will not be realized.

Revenue Recognition

The Company applies the revenue recognition guidance in SFAS No. 48, *Revenue Recognition When the Right of Return Exists*, which amongst other criteria requires that future returns can be reasonably estimated in order to recognize revenue. The amount of future tablet returns is uncertain due to generic competition and customer conversion to Zanaflex Capsules. Zanaflex Capsules are a new product with no historical return data. Due to the uncertainty of returns for both products, the Company is accounting for these product shipments using a deferred revenue recognition model. Under the deferred revenue model, the Company does not recognize revenue upon product shipment. For these product shipments, the Company invoices the wholesaler, records deferred revenue at gross invoice sales price, and classifies the cost basis of the product held by the wholesaler as a component of inventory. The Company recognizes revenue when prescribed to the end-user, on a first-in first-out (FIFO) basis. The Company s revenue to be recognized is based on (1) the estimated prescription demand-based on pharmacy sales for its products, and (2) the Company s analysis of third-party information, including third-party market research data. The Company s estimates are subject to the inherent limitations of estimates that rely on third-party data, as certain third-party information was itself in the form of estimates, and reflect other limitations. The Company s sales and revenue recognition reflects the Company s estimates of actual product prescribed to the end-user. The Company expects to be able to apply a more traditional revenue recognition policy such that revenue is recognized upon shipment to the customer when it believes it has sufficient data to develop reasonable estimates of expected returns based upon historical returns.

The Company s net revenues represent total revenues less allowances for customer credits, including estimated discounts, rebates, and chargebacks. Product shipping and handling costs are included in cost of sales. These reserves are recorded in accordance with Emerging Issues Task Force (EITF) Issue No. 01-9, *Accounting for Consideration Given by a Vendor to a Customer*, which states that cash consideration given by a vendor to a customer is presumed to be a reduction of the selling prices of the vendor s products or services and, therefore, should be characterized as a reduction of revenue when recognized in the vendor s income statement. At the time product is shipped to wholesalers, an adjustment is recorded for estimated chargebacks, rebates, and discounts. These reserves are established by management as its best estimate based on available information and is adjusted to reflect known changes in the factors that impact such reserves. Reserves for chargebacks, rebates and discounts are established based on the contractual terms with customers, analysis of historical levels of discounts, chargebacks and rebates, communications with customers and the levels of inventory remaining in the distribution channel, as well as expectations about the market for each product and anticipated introduction of competitive products. In addition, the Company records a charge to cost of goods sold for the cost basis of the estimated product returns the Company believes may ultimately be realized at the time of product shipment to wholesalers. The Company has recognized this charge at the date of shipment since it is probable that it will receive a level of returned products; upon the return of such product it will be unable to resell the product considering its expiration dating; and it can reasonably estimate a range of returns. This charge represents the cost basis for the low end of the range of the Company s estimated returns.

Revenue Recognition Grants

Revenue related to research and development grants is recognized when the related research expenses are incurred and the Company s specific performance obligations under the terms of the respective contract are satisfied. To the extent expended, grant funding related to purchases of equipment is deferred and amortized over the shorter of the equipment s useful life or the life of the related contract. Revenue recognized in the accompanying consolidated financial statements is not subject to repayment. Payments, if any, received in advance of performance under the contract are deferred and recognized as revenue when earned.

Concentration of Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of investments in cash and cash equivalents, restricted cash, accounts receivable and debt securities. The Company maintains cash and cash equivalents, restricted cash and debt securities with approved financial institutions. The Company is exposed to credit risks in the event of default by the financial institutions or issuers of investments in excess of FDIC insured limits. The Company performs periodic evaluations of the relative credit standing of these financial institutions and limits the amount of credit exposure with any institution.

The Company is substantially dependent upon Elan for several activities related to the development and commercialization of Fampridine-SR. The Company will rely on Elan to complete the chemistry, manufacturing and controls section of the New Drug Application (NDA) for Fampridine-SR in multiple sclerosis. If Elan fails to provide these parts of the NDA in a complete and timely manner the Company could incur delays in filing of its NDA for Fampridine-SR in MS.

The Company relies on a single manufacturer, Elan, for the supply of Zanaflex Capsules. Prior to March 2007, the company contracted with Novartis to manufacture and supply tizanidine, the active pharmaceutical ingredient, or API, in Zanaflex Capsules and Zanaflex tablets, and to manage the supply relationship with Patheon Inc., or Patheon, the manufacturer of Zanaflex tablets. The supply agreement with Novartis expired in February 2007 and Novartis, the only FDA-approved supplier of tizanidine for use in Zanaflex Capsules and Zanaflex tablets, has discontinued tizanidine production, which is discussed further below. The Company is currently negotiating a contract with Patheon for the manufacture of Zanaflex tablets and Patheon has agreed to continue to manufacture Zanaflex tablets prior to the execution of the contract. If either Elan or Patheon experiences any disruption in their operations, a delay or interruption in the supply of the Company s products could result until the affected supplier cures the problem or the Company locates an alternative source of supply. The Company may not be able to enter into alternative supply arrangements on terms that are commercially favorable, if at all. Any new supplier would also be required to qualify under applicable regulatory requirements. The Company could experience substantial delays before it is able to qualify any new supplier and transfer the required manufacturing technology to that supplier.

Elan is responsible for sourcing all tizanidine that is used in the manufacture of Zanaflex Capsules and, as of March 2007, the Company is responsible for obtaining all tizanidine used in the manufacture of Zanaflex tablets. The Company, in collaboration with Elan, has identified two tizanidine manufacturers and is working to have both approved by the FDA as suppliers for Zanaflex Capsules and Zanaflex tablets. Currently the Company carries approximately 12 months of Zanaflex Capsule and Zanaflex tablets inventory. Elan s tizanidine inventory combined with the Company s Zanaflex inventory is expected to meet current sales forecasts through the second quarter of 2010. If Elan and the Company do not gain FDA approval for a new tizanidine supplier prior to the depletion of Elan s tizanidine inventory and the depletion of the Company s Zanaflex Capsules and Zanaflex tablets inventory, the Company could experience an interruption in its Zanaflex Capsules and Zanaflex tablets supply.

Elan s inventory of tizanidine will reach its retest date by April 2007. Thereafter, the chemical stability of Elan s tizanidine must be retested within 30 days of each manufacturing run. If Elan s tizanidine inventory fails its retest prior to FDA approval of a new tizanidine supplier, a delay or interruption in our supply of our Zanaflex products could result. The Company depends on another company, Sharp Corporation, to package and bottle Zanaflex tablets.

The Company has agreed to purchase at least 75% of its Fampridine-SR product requirements from Elan, and must make compensatory payments if it does not purchase 100% of its requirements from Elan. The Company and Elan have agreed that the Company may purchase up to 25% of its annual Fampridine-SR requirements from Patheon, Inc., a qualified manufacturing source of Fampridine-SR, without making compensatory payments to Elan. In addition, the Company does not have direct contractual relationships with the suppliers of fampridine, the active pharmaceutical ingredient in Fampridine-SR, referred to as API. Currently, the Company is relying on Elan s contracts with third parties to supply API. If Elan or an alternative manufacturer is unable to obtain API from these suppliers for any reason, a new supplier would have to be identified by the Company. Although there are other potential sources of API available, any new supplier would be required to qualify under applicable regulatory requirements. Any delays in obtaining API to manufacture Fampridine-SR could delay the clinical trials of Fampridine-SR.

Similar to other pharmaceutical companies, the Company s principal customers are wholesale pharmaceutical distributors. The Company periodically assesses the financial strength of these customers and establishes allowances for anticipated losses, if necessary. To date, such losses have been minimal. Sales to our top three customers, McKesson, Cardinal and Amerisource, represent 96% and 90% of accounts receivable as of December 31, 2006 and 2005, respectively.

Allowance for Doubtful Accounts

A portion of the Company s accounts receivable may not be collected due principally to customer disputes and sales returns. The Company provides reserves for these situations based on the evaluation of the aging of its trade receivable portfolio and an analysis of high-risk customers. The Company has not recognized an allowance as of December 31, 2005 or 2006 as management believes all outstanding accounts receivable are fully collectible.

Fair Value of Financial Instruments

The fair value of a financial instrument represents the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation. Significant differences can arise between the fair value and carrying amounts of financial instruments that are recognized at historical cost amounts.

The following methods are used to estimate the Company s financial instruments:

(a) Cash and cash equivalents, grant receivables, accounts receivable, accounts payable and accrued liabilities approximate their fair value due to the short-term nature of these instruments;

(b) Available-for-sale securities are recorded based on quoted market prices;

(c) Notes payable carrying value approximate fair value as the interest rates on these notes approximate market rate of interest; and

It is not practical for the Company to estimate the fair value of the convertible notes payable due to the specific provisions of these notes including the uncertainty of the timing of repayment which is dependent upon regulatory approval of certain products. The terms of these notes are disclosed at Note 10.

Earnings per Share

Net loss per share is computed in accordance with SFAS No. 128, *Earnings Per Share*, by dividing the net loss allocable to common stockholders by the weighted average number of shares of common stock outstanding. The Company has certain options, warrants, convertible preferred stock and mandatorily redeemable convertible preferred stock (see Notes 3 and 8), which have not been used in the calculation of diluted net loss per share because to do so would be anti-dilutive. Anti-dilutive shares totaled 0 as of December 31, 2006 and 138,414,849 as of December 31, 2005 and 2004. As such, the numerator and the denominator used in computing both basic and diluted net loss per share allocable to common stockholders for each year are equal. The Company has reflected the beneficial conversion feature for Series E, Series I and Series J, accretion of issuance costs for Series E, Series I, Series J and Series K, and preferred dividend for Series J and Series K in the net loss allocable to common stockholders as set forth below.

	Beneficial conversion feature	**Accretion of issuance costs**	**Preferred dividend**
For the year ended December 31, 2006	$ 48,470,740	$ 270,725	$ (12,734,009)
For the year ended December 31, 2005	19,398,926	108,292	5,341,373
For the year ended December 31, 2004	19,452,073	106,223	5,188,041

Stock-Based Compensation

The Company has various stock-based employee and non-employee compensation plans, which are described more fully in Note 8.

Historically, the Company accounted for share-based compensation costs under the provisions of Statement of Financial Accounting Standards 123 (SFAS No. 123), Accounting for Stock-Based Compensation, using a fair-value-based method of accounting for stock-based employee compensation plans.

On January 1, 2006, the Company adopted the provisions of Statement of Financial Accounting Standards 123 (revised 2004), Share-Based Payment (SFAS No. 123R), which requires that the costs resulting from all share-based payment transactions be recognized in the financial statements at their fair values. The Company adopted SFAS No. 123R using the modified prospective application method under which the provisions of SFAS No. 123R apply to new awards and to awards modified, repurchased, or cancelled after the adoption date. Additionally, compensation cost for the portion of the awards for which the requisite service has not been rendered that are outstanding as of the adoption date is recognized in the Consolidated Statement of Operations over the remaining service period after the adoption date based on the award s original estimate of fair value. Results for prior periods have not been restated.

In connection with the adoption of SFAS No. 123R, the Company changed from recognizing the effect of forfeitures as they occur to estimating the number of outstanding instruments for which the requisite service is not expected to be rendered. Prior to the adoption of SFAS No. 123R, the Company recognized forfeitures associated with its share-based awards as they occurred rather than estimating forfeitures. Upon adoption of SFAS No. 123R, the Company recorded a cumulative effect of change in accounting principle of $454,225, calculated as the difference between compensation cost recognized through December 31, 2005 using actual forfeitures and the cost that would have been recognized to date using estimated forfeitures. The Company estimates that its future annual forfeiture rate will be approximately 5%.

The Company accounts for stock options granted to non-employees on a fair-value basis in accordance with EITF No. 96-18, Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services, and FASB Interpretation

No. 28, Accounting for Stock Appreciation Rights and Other Variable Stock Option or Award Plans an Interpretation of APB Opinion No. 15 and 25.

Segment Information

The Company is managed and operated as one business. The entire business is managed by a single management team that reports to the chief executive officer. The Company does not operate separate lines of business with respect to any of its product candidates. Accordingly, the Company does not prepare discrete financial information with respect to separate product candidates or by location and does not have separately reportable segments as defined by SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information*.

Comprehensive Income (Loss)

SFAS No. 130, *Reporting Comprehensive Income* (SFAS No. 130) establishes standards for the reporting and display of comprehensive income (loss) and its components in a full set of financial statements. SFAS No. 130 requires that unrealized gains (losses) from the Company s investment securities be included in other comprehensive income (loss).

Recent Accounting Pronouncements

In September 2006, the Staff of the SEC provided guidance on the need to consider the effects of prior year misstatements in quantifying the materiality of current year misstatements - Staff Accounting Bulletin No. 108 (SAB 108). According to SAB 108, a registrant must consider both the current year effect of an accounting error as well as the earnings effect of adjusting the balance sheet for related previous errors that might individually have been immaterial but that would be material to the current year s earnings if corrected on a catch-up basis. SAB 108 permits adjustment for the cumulative effect of errors relating to prior years in the carrying amount of assets and liabilities as of the beginning of the current fiscal year with an offsetting adjustment to the opening balance of retained earnings in the year of adoption. The Company s adoption of SAB 108 as of January 1, 2006 had no material impact on the Company s financial statements.

In July 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109, Accounting for Income Taxes*. The Interpretation establishes criteria for recognizing and measuring the financial statement tax effects of positions taken on a company s tax returns. A two-step process is prescribed whereby the threshold for recognition is a more likely-than-not test that the tax position will be sustained upon examination and the tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. The Company currently recognizes a tax position if it is probable of being sustained. The Interpretation is effective for the Company beginning January 1, 2007 and will be applicable to all tax positions upon initial adoption. Only tax positions that meet the more-likely-than-not recognition threshold at the effective date may continue to be recognized upon adoption of the Interpretation. The Company is evaluating the potential effects the Interpretation may have on its consolidated financial position or results of operations, but no material consequence is expected.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements*. The new standard provides guidance on the definition of and how to measure fair value and what sources of information are to be used in such measurements. It also prescribes expanded disclosures about fair value measurements contained in the financial statements. The Company is in the process of evaluating the new standard which is not expected to have any effect on its financial position or results of operations although financial statement disclosures will be revised to conform to the new guidance. The pronouncement, including the new disclosures, is effective for the Company as of the first quarter of 2008.

(3) Equity

Initial Public Offering and Private Placement of Common Stock

The Company completed an initial public offering (IPO) on February 9, 2006. As part of that offering, 6,075,614 shares of the Company s common stock were sold, resulting in net proceeds of approximately $31.5 million after deducting the underwriting discount and offering expenses payable by the Company.

Upon the closing of the IPO, all of the Company s convertible preferred stock and mandatorily redeemable convertible preferred stock was converted into 13,338,278 shares of common stock. This conversion resulting in the following: (a) recognition of the unamortized portion of a beneficial conversion charge of $45.8 million; (b) recognition of the unamortized portion of issuance costs relating to Series E, Series I, Series J and Series K preferred stock of $271,000; and (c) net reversal of accrued preferred dividends on Series J and Series K preferred stock of $12.7 million.

The Company completed a private placement of its common stock on October 6, 2006. As part of that offering, 3,230,769 shares of the Company s common stock were sold, resulting in proceeds to the Company of approximately $29.8 million net of issuance costs.

Warrants

In January 2005, the Company issued warrants that provide the holder with the right to purchase $300,000 worth of shares of preferred stock in the Company s next qualifying equity round or 40,000 shares of Series K mandatorily redeemable preferred stock if no such round is completed prior to December 31, 2005. Beginning July 1, 2005, these warrants are subject to FASB Staff Position No. 150-5 (FSP 150-5), which addresses whether freestanding warrants and other similar instruments on shares that are either puttable or mandatorily redeemable would be subject to the requirements of FASB Statement No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*, regardless of the timing of the redemption feature or the redemption price. Upon adoption of FSP 150-5 on July 1, 2005, the Company reclassified the warrants from additional paid in capital to a liability based on its fair value on July 1, 2005. The warrant were marked to market each reporting period thereafter with the change in fair value recorded to earnings. The adoption of this statement resulted in gain from a net effect of change in accounting principle of $2,805, as a result of the change in fair value of the warrant from January 2005 to July 1, 2005.

In November 2005, the Company modified the terms of this warrant to provide the holder with the right to purchase $300,000 worth of (i) shares of preferred stock in the Company s next qualifying equity round or, (ii) to the extent the Company has consummated an IPO on or before February 28, 2006, shares of common stock at the lower of (A) the per share price of the Common Stock sold in the IPO and (B) $7.50 per share, or (iii) to the extent the Company has not consummated either a qualifying equity round or an IPO on or before February 28, 2006, then Series K mandatorily redeemable preferred stock at $7.50 per share. Based on completion of an IPO on February 9, 2006, this warrant was exercisable into 50,000 shares of common stock at an exercise price of $6.00 per share.

In November 2006, these warrants were exercised in a cashless exercise transaction that resulted in the issuance of 32,634 shares of common stock and the elimination of a $195,805 warrant liability balance.

Beneficial Conversion Feature

In May 2003, the Company completed a private placement of 112,790,233 shares of Series J mandatorily redeemable convertible preferred stock at $0.49 per share for an aggregate purchase price of approximately $55,267,000.

As part of this financing, the original conversion price of the Series A through Series I preferred stock was reduced as a result of anti-dilution adjustments, which resulted in a beneficial conversion amounting to $80,730,286 in accordance with EITF No. 98-5, *Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios* and EITF No. 00-27, *Application of Issue No. 98-5 to Certain Convertible Instruments*. The beneficial conversion charge of $20,860,491 relating to Series A, Series B, Series C, Series F and Series H convertible preferred stock, which were not mandatorily redeemable and may be converted at any time at the option of the holders to common stock, was recorded as an immediate charge to additional paid-in capital. The remaining beneficial conversion amount of $59,869,795 related to Series E and Series I convertible preferred stock, which were mandatorily redeemable at any time on or after June 30, 2008, was accreted ratably over the mandatory redemption period. Such accretion amounted to $29,058,676, $11,629,843 and $11,661,705 for the years ended December 31, 2006, 2005 and 2004, respectively, and is charged to additional paid-in capital. Upon completion of the Company s initial public offering on February 9, 2006, the remaining beneficial conversion amount was fully accreted.

In addition, the issuance of Series J mandatorily redeemable convertible preferred stock resulted in a beneficial conversion amounting to $39,994,812 in accordance with EITF No. 98-5. The beneficial conversion was calculated based on the estimated fair value of the Company s common stock price per share at the date of issuance of Series J preferred stock of approximately $10.14 per share of common stock, which was calculated based on the estimated projected midpoint of the range of the Company s initial public offering price per common share, which was planned in the fourth calendar quarter of 2003, and the stock price appreciation in comparable public companies from May 2003 to August 2003. The beneficial conversion feature was accreted ratably over the mandatory redemption period, with a charge to additional paid-in capital of $19,412,064, $7,769,083 and $7,790,368 for the years ended December 31, 2006, 2005 and 2004, respectively. Upon completion of the Company s initial public offering on February 9, 2006, the remaining beneficial conversion amount was fully accreted.

Mandatorily Redeemable Convertible Preferred Stock and Convertible Preferred Stock

The board of directors of the Company had authorized 141,754,865 shares of convertible preferred stock, designated as Series A, B, C, D, E, F, G, H, I, J and K preferred stock (Series A, Series B, Series C, Series D, Series E, Series F, Series G, Series H, Series I, Series J and Series K; collectively, the Preferred Stock). Series E, Series I, Series J and Series K were mandatorily redeemable convertible preferred stock (Redeemable Preferred Stock). Upon the Company s initial public offering in February 2006, all the Company s Redeemable Preferred Stock was converted into common stock.

The Preferred Stock (except Series J and Series K) were entitled to noncumulative dividends prior to and in preference to dividends declared or paid on the common stock, at the rate of $0.10 per share per annum for Series A through Series H and at the rate of $0.39 per share per annum for Series I when and if declared by the board of directors. Dividends on Series J and Series K were cumulative and accrued on each share of Series J Preferred Stock and Series K Preferred Stock commencing on the date of issuance, whether or not earned or declared at the rate of $0.0392 per share per annum for Series J and at the rate of $0.60 per share per annum for Series K, based on the original issue price of Series J Preferred Stock and Series K Preferred Stock, prior and in preference to any declaration or payment of any dividend on any other Series of Preferred Stock holders (Series A through Series I). Accrued dividends for Series J and K were $11.1 million and $1.7 million as of December 31, 2005. Upon the Company s initial public offering in February 2006, the total dividend accruals of $11.6 million and $1.8 million for Series J and K, respectively, were reversed. The net reversal of dividends for the year ended December 31, 2006 was $12.7 million, including accruals made from the beginning of the year up to the initial public offering.

(4) Short-Term Investments

The Company has accounted for its investments in accordance with SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, and determined that all of its short-term investments are classified as available-for-sale. Available-for-sale securities are carried at fair value with interest on these securities included in interest income. Available-for-sale securities consisted of the following:

	Amortized Cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Corporate debt securities				
As of December 31, 2006	$ 35,642,184	$ 13,398	$ (58)	$ 35,655,524
As of December 31, 2005	2,002,735		(1,560)	2,001,175

The contractual maturities of available-for-sale debt securities at December 31, 2006 and 2005 are within one year.

A decline in the market value of any available-for-sale security below cost that is deemed to be other-than-temporary results in a reduction in carrying amount to fair value in accordance with Financial Accounting Standards Board, or FASB, Staff Position, or FSP, FAS No. 115-1, The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments. The impairment would be charged to earnings for the difference between the investment s cost and fair value at such date and a new cost basis for the security established. Factors evaluated to determine if an investment is other-than-temporarily impaired include significant deterioration in the earnings performance, credit rating, asset quality, or business prospects of the issuer; adverse changes in the general market condition in which the issuer operates; the intent and ability to retain the investment for a sufficient period of time to allow for recovery in the market value of the investment; and, issues that raise concerns about the issuer s ability to continue as a going concern. The Company has determined that there were no other-than-temporary declines in the fair values of its short term investments as of December 31, 2006.

The following table shows the gross unrealized gains and fair value of the Company s available-for-sale securities with unrealized gains that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2006 (in thousands):

	Less than 12 months		12 Months or Greater	
Description of Securities	Fair value	Unrealized gain	Fair value	Unrealized gain
Corporate debt securities(1)	$ 35,656	$ 13	$	$

(1) The Company invests in bonds that are rated A1 or better, as dictated by its approved investment policy. Since the changes in the market value of these investments are due to changes in interest rates and not credit quality, and the Company has the ability and intent to hold these investments until recovery of the fair value, the Company does not consider its investments in corporate debt securities to be other-than-temporarily impaired at December 31, 2006.

Short-term investments with maturity of three months or less from date of purchase have been classified as cash and cash equivalents, and amounted to $16,681,442 and $9,681,692 as of December 31, 2006 and 2005, respectively.

(5) Property and Equipment

Property and equipment consisted of the following:

	December 31, 2006	December 31, 2005	Estimated useful lives
Laboratory equipment	$ 2,253,874	$ 2,122,203	5 years
Furniture and fixtures	539,736	539,736	5 years
Computer equipment	1,070,202	689,155	3 years
Leasehold improvements	2,052,309	2,052,309	5 to 7 years
	5,916,121	5,403,403	
Less accumulated depreciation	(4,693,417)	(3,696,299)	
	$ 1,222,704	$ 1,707,104	

Depreciation and amortization expense on property and equipment was $1,011,272 and $1,044,040 for the years ended December 31, 2006 and 2005, respectively.

(6) Accrued Expenses and Other Current Liabilities

Accrued expense and other current liabilities consisted of the following:

	December 31, 2006	December 31, 2005
Bonus payable	$ 2,025,000	$ 1,067,410
Payable to Elan	5,000,000	3,750,000
Royalties payable	1,172,921	361,582
Accrued research and development expenses	683,384	1,034,177
Accrued inventory costs		2,514,009
Other accrued expenses	1,836,045	1,199,595
	$ 10,717,350	$ 9,926,773

Accrued research and development expenses include amounts relating to the clinical trials as well as preclinical operating costs. Other accrued expenses include legal and business development accruals, payroll liabilities, vacation and commission accruals and other operating expense accruals.

(7) Notes Payable

In 2003, the Company entered into two financing agreements with General Electric Capital Corporation (GE) in the aggregate amount of $1,153,511, bearing annual fixed interest rates of 8.57% and 8.88%, to finance the purchase of certain property and equipment. Borrowings are secured by a security interest in certain property and equipment of the Company and the agreements do not include any debt covenants. The Company is has fully paid the debt as of October 2006.

In 2005, the Company entered into a $6 million senior secured term loan with GE, that bears an annual fixed interest rate of 9.93%. The Company is required to pay monthly installments until February 2008, with interest-only payments for the first six months followed by principal and interest payments for the remaining 29 months. The loan is secured by all of the Company s personal property and fixtures owned at closing or subsequently acquired. The Company repaid $3 million of the loan in December 2005. The aggregate principal payments required subsequent to December 31, 2006 are: $1,063,180 in 2007 and $187,645 in 2008. The related interest payments required subsequent to December 31, 2006 are: $76,683 in 2007 and $2,332 in 2008.

For long-term convertible notes payable see Note 10.

(8) Common Stock Options, Warrants and Restricted Stock

On June 18, 1999, the Company s board of directors approved the adoption of the Acorda Therapeutics, Inc. 1999 Employee Stock Option Plan (the 1999 Plan). All employees of the Company were eligible to participate in the 1999 Plan, including executive officers, as well as directors, independent contractors, and agents of the Company. The 1999 Plan also covers the issuance of restricted stock. The 1999 Plan is administered by the Compensation Committee of the Board of Directors, which selects the individuals to be granted options and stock appreciation rights, determines the time or times at which options and stock appreciation rights shall be granted under the 1999 Plan, determines the number of shares to be granted subject to any option or stock appreciation right under the 1999 Plan and the duration of each option and stock appreciation right, and makes any other determinations necessary, advisable, and/or appropriate to administer the 1999 Plan. Under the 1999 Plan, each option granted expires no later than the tenth anniversary of the date of its grant. Compensation expense is calculated using a Black-Scholes calculation with the expense being recognized over the vesting period. The number of shares authorized for issuance under the 1999 Plan is 3,186,856.

On January 12, 2006, the Company s board of directors approved the adoption of the Acorda Therapeutics, Inc. 2006 Employee Incentive Plan (the 2006 Plan). This 2006 Plan shall serve as the successor to the Company s 1999 Plan, as amended, and no further option grants or stock issuances shall be made under the 1999 Plan after the effective date, as determined under Section 14 of the 2006 Plan. All employees of the Company are eligible to participate in the 2006 Plan, including executive officers, as well as directors, independent contractors, and agents of the Company. The 2006 Plan also covers the issuance of restricted stock. The 2006 Plan is administered by the Compensation Committee of the Board of Directors, which selects the individuals to be granted options and stock appreciation rights, determines the time or times at which options and stock appreciation rights shall be granted under the 2006 Plan, determines the number of shares to be granted subject to any option or stock appreciation right under the 2006 Plan and the duration of each option and stock appreciation right, and makes any other determinations necessary, advisable, and/or appropriate to administer the 2006 Plan. Under the 2006 Plan, each option granted expires no later than the tenth anniversary of the date of its grant. The number of shares of common stock reserved for issuance pursuant to awards made under the 2006 Plan shall not exceed 3,000,000 shares of stock. The total number of shares of common stock available for issuance under this 2006 Plan, including shares of common stock subject to the then outstanding awards, shall automatically increase on January 1 of each year during the term of this plan, beginning 2007, by a number of shares of common stock equal to 4% of the outstanding shares of common stock on that date, unless otherwise determined by the Board of Directors. Upon the exercise of options in the future, the Company intends to issue new shares.

The effects of applying SFAS No. 123R in a particular year, may not be representative of the effects on reported net income or loss for future years. The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	Year ended December 31, 2006		2005		2004	
Employees and directors:						
Estimated volatility	71.49	%	78.38	%	90.09	%
Expected life in years	5.4		5.0		5.0	
Risk free interest rate	4.64	%	4.11	%	3.41	%
Dividend yield						

The Company estimated volatility for purposes of computing compensation expense on its employee and non-employee options using the volatility of public companies that the Company considered comparable. The expected life used to estimate the fair value of employee options is 5.4 years. The Company based this assumption on the 50th percentile of 10 peer companies choices for expected life for their valuations.

The weighted average fair value per share of options granted to employees and directors for the years ended December 31, 2006, 2005 and 2004 amounted to approximately $5.00, $8.14 and $6.95 respectively. No options were granted to non-employees for the years ended December 31, 2006, 2005 and 2004.

During the year ended December 31, 2006, the Company granted 1,033,361 stock options to employees and directors under the 2006 Plan. The stock options were issued with a weighted average exercise price of $7.96 per share. 300 of these options vested immediately, 6,153 of these options vest over a one-year vesting schedule, 32,698 of these options will vest over a three-year vesting schedule, and 994,210 will vest over a four-year vesting schedule. As a result of these grants the total compensation charge to be recognized over the service period is $4,541,728, of which $628,505 was recognized during the year ended December 31, 2006.

Compensation costs for options and restricted stock granted to employees and directors amounted to $3,843,110, $4,305,019 and $9,049,858 for the years ended December 31, 2006, 2005 and 2004, respectively. There were no compensation costs capitalized in our inventory balances. Compensation expense for options and restricted stock granted to employees and directors are classified between research and development, sales and marketing and general and administrative expense based on employee job function. Compensation costs recognized during the year ended December 31, 2006 were $415,414 less than would have been recorded had the Company not adopted SFAS No. 123R and it continued to apply the fair value provisions of SFAS No. 123.

A summary of share-based compensation activity for the year ended December 31, 2006 is presented below:

Stock Option Activity

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Intrinsic Value
Balance at January 1, 2006	1,770,494	4.80		
Granted	1,033,361	7.96		
Forfeited	(49,087)	5.69		
Exercised	(220,105)	3.04		
Balance at December 31, 2006	2,534,663	$ 6.23	8.0	$ 24,554,342
Vested and expected to vest at December 31, 2006	2,443,001	$ 6.14	7.3	$ 23,877,151
Vested and exercisable at December 31, 2006	1,269,392	$ 4.23	7.0	$ 14,782,180

Range of exercise price	Options Outstanding Outstanding as of December 31, 2006	Weighted-average remaining contractual life	Weighted-average exercise price	Options Exercisable Exercisable as of December 31, 2006	Weighted-average exercise price
$2.45-$2.60	884,836	6.46	$ 2.66	869,980	$ 2.60
$2.61-$5.85	538,637	9.17	5.67	87,591	5.75
$5.86-$8.14	807,517	8.40	7.74	269,949	7.92
$8.15-$23.40	303,673	9.39	13.78	41,872	11.09
	2,534,663	8.01	$ 6.23	1,269,392	$ 4.23

Unrecognized compensation costs for unvested stock options and restricted stock awards as of December 31, 2006 totaled $8.4 million and is expected to be recognized over a weighted average period of approximately 1.5 years.

Restricted Stock Activity

Restricted Stock	**Number of Shares**
Nonvested at January 1, 2006	755,083
Granted	
Vested	(340,760)
Forfeited	(846)
Nonvested at December 31, 2006	413,477

There were 16,869 warrants at an average exercise price of $11.85 outstanding as of December 31, 2006.

(9) Income Taxes

The Company had available net operating loss carry-forwards (NOL) of approximately $144.7 million and $130.0 million as of December 31, 2006 and 2005, for federal and state income tax purposes, which are available to offset future federal and state taxable income, if any, and expire between 2010 and 2026. The Company also has research and development tax credit carryforwards of approximately $1.3 million and $1.2 million as of December 31, 2006 and 2005, for federal income tax reporting purposes that are available to reduce federal income taxes, if any, and expire in future years beginning in 2018.

The tax effect of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of December 31, 2006 and 2005 are presented below:

	December 31, 2006	**December 31, 2005**
Net operating loss carryforwards	$ 58,660,619	$ 53,294,172
Research and development tax credit	1,293,676	1,204,767
Property and equipment	619,779	386,923
Intellectual property	3,948,035	4,159,792
Stock options and warrants	11,699,172	10,922,869
Deferred revenue	7,757,639	6,381,691
Accrued product returns		750,797
Inventory reserve	277,160	736,749
Revenue interest liability	9,629,271	6,345,028
Other temporary differences	342,031	237,510
	94,227,383	84,420,298
Less valuation allowance	(94,227,383)	(84,420,298)
Net deferred tax assets	$	$

Changes in the valuation allowance for the years ended December 31, 2006 and 2005 amounted to approximately $9.8 million and $14.4 million, respectively. Since inception, the Company has incurred substantial losses and expects to incur substantial losses in future periods. The Tax Reform Act of 1986 (the Act) provides for a limitation of the annual use of NOL and research and development tax credit carryforwards (following certain ownership changes, as defined by the Act) that could significantly limit the Company s ability to utilize these carryforwards. The Company has experienced various ownership changes, as a result of past financings. Accordingly, the Company s

ability to utilize the aforementioned carryforwards may be limited. Additionally, because U.S. tax laws limit the time during which these carryforwards may be applied against future taxes, the Company may not be able to take full advantage of these attributes for federal income tax purposes. Because of the above mentioned factors, the Company has not recognized its net deferred tax assets as of and for all periods presented. As of December 31, 2006, management believes that it is more likely than not that the net deferred tax assets will not be realized based on future operations and reversal of deferred tax liabilities. Accordingly, the Company has provided a full valuation allowance against its net deferred tax assets and no tax benefit has been recognized relative to its pretax losses.

(10) License and Research Agreements

Elan

In January 1997, the Company entered into several agreements with Elan, including a License and Supply Agreement to develop Elan s, sustained-release formulation of Fampridine-SR for treatment of spinal cord injury. The term of the agreement is equal to the greater of 20 years or the duration of relevant Fampridine-SR patent rights. The Company will be responsible for all clinical trials and regulatory approvals. Elan will have the right to manufacture, subject to certain exceptions, products for the Company upon regulatory approval at specified prices as a percentage of net selling price. In the event Elan does not manufacture the products, it is entitled to a royalty as a stated percentage of the products net selling price.

Convertible Note

Under the Agreement, Elan also loaned to the Company an aggregate of $7.5 million pursuant to two convertible promissory notes. On December 23, 2005, Elan transferred these promissory notes to funds affiliated with Saints Capital. One promissory note in the amount of $5.0 million bears interest at a rate of 3% beginning on the first anniversary of the issuance of the note. The unpaid principal is convertible into 67,476 shares of common stock. Principal and interest are repayable, if not converted, ratably over a seven-year period beginning one year after the Company receives certain regulatory approval for the products to be developed, subject to limitations related to gross margin on product sales. If it is determined by both parties that regulatory approval will not likely occur, the $5.0 million promissory note will automatically convert into the underlying common stock. If the License and Supply Agreement is otherwise terminated, the principal and interest is repayable ratably over 15 years. Both promissory notes restrict the Company s ability to incur indebtedness that is senior to the notes, subject to certain exceptions, including for the Company s revenue interests assignment arrangement (See Note 14).

The second promissory note was in the amount of $2.5 million was non-interest bearing. In December 2006, Saints Capital exercised the conversion of this note into 210,863 shares of common stock.

Interest on these convertible promissory notes has been imputed using 9% on 50% of the $5 million note and 8% on the $2.5 million note. In case of the $5 million note, the Company did not impute interest on 50% of the $5 million note based on the provision in the License and Supply Agreement that provided for a recovery of up to $2.5 million of the license fee paid, which was dependent upon regulatory approval of the product. If regulatory approval of the product is received, the convertible note would be repayable and the Company would have been entitled to recovery of up to $2.5 million based on the aforementioned provision. If the parties determine that regulatory approval will not likely occur, the note will not be repayable and the Company would not receive recovery of up to $2.5 million of the license fee. The $2,173,127 difference between the $7.5 million principal amount of the notes and the discounted balance is being accreted to interest expense over the estimated term of the notes. Elan was considered to be a related party based on its ownership

interest in the Company, significant license agreements entered into and involvement with research and development activities of the Company. The aggregate amount of the remaining $5.0 million convertible note payable are convertible into 67,476 shares of common stock.

The long tem convertible notes payable principal amount, plus accrued interest less un-amortized debt discount of no balance and $56,000 as of December 31, 2006 and 2005, respectively was $187,000 and $1.1 million.

Amended and Restated License. In September 2003, the Company entered into an amended and restated license with Elan, which replaced two prior licenses for Fampridine-SR. Under this agreement, Elan granted the Company exclusive worldwide rights to Fampridine-SR, as well as Elan s formulation for any other mono- or di-aminopyridines, for all indications, including spinal cord injury and multiple sclerosis. The Company agreed to pay Elan milestone payments and royalties based on net sales of the product if and when approved.

Subject to early termination provisions, the Elan license terminates on a country by country basis on the latter to occur of fifteen years from the date of the agreement, the expiration of the last to expire Elan patent or the existence of competition in that country.

Supply Agreement. In September 2003, the Company entered into a supply agreement with Elan relating to the manufacture and supply of Fampridine-SR by Elan. The Company agreed to purchase at least 75% of its annual requirements of product from Elan, unless Elan is unable or unwilling to meet its requirements, for a purchase price based on a specified percentage of net sales. In those circumstances, where the Company elects to purchase less than 100% of its requirements from Elan, the Company agreed to make certain compensatory payments to Elan. Elan agreed to assist the Company in qualifying a second manufacturer to manufacture and supply the Company with Fampridine-SR subject to its obligations to Elan.

(11) Employee Benefit Plan

Effective September 1, 1999, the Company adopted a defined contribution 401(k) savings plan (the 401(k) plan) covering all employees of the Company. Participants may elect to defer a percentage of their annual pretax compensation to the 401(k) plan, subject to defined limitations. No contributions were made by the Company for the years ended December 31, 2006 and 2005, respectively.

(12) Commitments and Contingencies

During 1998, the Company entered into a lease agreement for its facility. During November 2000 and May 2001, the Company entered into amendments of the lease for its facility. Under the amendments, the Company increased the total leased space and extended the lease term for its original leased space. Future minimum commitments under all non-cancelable leases required subsequent to December 31, 2006 are as follows:

2007	$ 731,590
2008	857,169
2009	860,423
	$ 2,449,182

Rent expense under these operating leases during the years ended December 31, 2006 and 2005 was $676,834 and $673,212, respectively.

Under our Zanaflex purchase agreement with Elan, the Company is obligated to make milestone payments to Elan of up to $19.5 million based on cumulative gross sales of Zanaflex tablets and

Zanaflex Capsules. As of December 31, 2006, the Company has made or accrued $9.5 million of these milestone payments in the consolidated financial statements. Under its Zanaflex supply agreement with Elan, the Company is required to provide to Elan an 18-month rolling forecast at the beginning of each month and a two-year forecast not later than July 1 of each year. The Company is bound to order one hundred percent of the forecast required quantities for each five month period immediately following each monthly forecast report. At December 31, 2006, the forecast requirement for the five month period following December 31, 2006 amounted to approximately $2.6 million.

Under the terms of the employment agreement with the Company s chief executive officer, the Company is obligated to pay severance under certain circumstances. If the employment agreement is terminated by the Company or by the Company s chief executive officer for reasons other than for cause, the Company must pay (i) an amount equal to the base salary the chief executive officer would have received during the fifteen month period immediately following the date of termination, plus (ii) bonus equal to last annual bonus received by the chief executive officer multiplied by a fraction, the numerator of which shall be the number of days in the calendar year elapsed as of the termination date and the denominator of which shall be 365.

The Company is also party to employment agreements with its other executive officers, who are the Company s chief scientific officer, chief operating officer, executive vice president and general counsel and chief financial officer that govern the terms and conditions of their employment. If any of the employment agreements are terminated by the Company or by the executives for reasons other than for cause, the Company must pay an amount equal to (i) the base salary the executive would have received during the nine month period immediately following the date of termination in the case of the chief scientific officer and chief operationg officer and a seven month period immediately following the date of termination in the case of the executive vice president and general counsel and chief financial officer, plus (ii) a bonus equal to the last annual bonus received by the executive multiplied by a fraction, the numerator of which shall be the number of days in the calendar year elapsed as of the termination date and the denominator of which shall be 365.

The Company is not a party to any material legal proceedings. It is the Company s policy to accrue for amounts related to legal matters if it is probable that a liability has been incurred and the amount is reasonably estimable.

(13) Product Returns

As part of the terms of the Zanaflex asset purchase agreement, any product returned within six months of acquisition date was the obligation of Elan. Beginning in January 2005, such returns became a liability of the Company. Through June 30, 2006, the Company accepted $4.7 million in total product returns, of which $2.3 million was for product not sold by the Company. The Company accepts product returned up to twelve months subsequent to its expiration date. The Company recorded a charge to discounts and allowances of $4.1 million in the year ending December 31, 2004 to record an estimated liability for returns of Zanaflex tablets sold by Elan. The Company continued to receive returns of the product sold by Elan through June 2006 at which point the right of return expired and the remaining $1.8 million accrual balance was reversed through discounts and allowances.

As part of the Zanaflex acquisition, the Company purchased certain tablet inventory from Elan that expired within one year. The majority of this product was sold by the Company during July 2004 through March 2005. The Company received returns of the product sold by Elan through June 2006 at which point the right of return expired and the Company recognized the $2.2 million deferred revenue balance as gross sales.

(14) Zanaflex Asset Purchase Agreement

The Company acquired all of Elan s U.S. sales, marketing and distribution rights to Zanaflex Capsules and Zanaflex tablets in July 2004 for $2.0 million plus $675,000 for finished goods inventory. The Company is also responsible for up to $19.5 million in future contingent milestone payments based on cumulative gross sales of Zanaflex tablets and Zanaflex Capsules. As of December 31, 2006, the Company has made or accrued $9.5 million of these milestone payments in the consolidated financial statements. These products are approved for the management of spasticity. Zanaflex tablets were approved by the FDA in 1996 and lost patent protection in 2002. There are currently 12 generic versions of Zanaflex tablets on the market. Zanaflex Capsules were approved by the FDA in 2002, but were never marketed by Elan. The Company began marketing Zanaflex Capsules in April 2005.

The Company has also agreed to make royalty payments to Elan and Novartis, that are based upon Net Sales of Zanaflex Capsules and tablets beginning on the closing date.

In connection with this transaction, the Company acquired the rights to the tradename Zanaflex® , one issued U.S. patent and two patent applications related to Zanaflex Capsules, and the remaining tablet inventory on hand with Elan. Additionally, the Company assumed Elan s existing contract with Novartis to manufacture Zanaflex tablets and entered into a separate contract with Elan to manufacture Zanaflex Capsules. The Company separately launched Zanaflex Capsules in April 2005. The Company did not acquire any receivables, employees, facilities or fixed assets. The Company allocates, on a relative fair value basis, the initial and milestone payments made to Elan to the assets acquired, principally the Zanaflex tradename and the capsulation patent. There is no expected residual value of these intangible assets. The Company amortizes the allocated fair value of the tradename and patent over their estimated future economic benefit to be achieved.

Intangible assets consisted of the following:

	December 31, 2006	December 31, 2005	Estimated remaining useful lives
Zanaflex patents	$ 10,350,000	$ 5,850,000	16 years
Zanaflex tradename	1,150,000	650,000	2 years
	11,500,000	6,500,000	
Less accumulated amortization	1,322,408	547,739	
	$ 10,177,592	$ 5,952,261	

The Company recorded $774,669 and $433,789 in amortization expense related to these intangible assets in the years ending December 31, 2006 and 2005, respectively.

Estimated future amortization expense for these intangible assets subsequent to December 31, 2006 is as follows:

2007	$ 910,038
2008	910,343
2009	647,010
2010	647,010
2011	647,010
	$ 3,761,411

(15) Sale of Revenue Interest

On December 23, 2005, the Company entered into an agreement with an affiliate of Paul Royalty Fund (PRF), under which the Company received $15.0 million in cash. In exchange the Company has assigned PRF revenue interests in Zanaflex Capsules, Zanaflex tablets and any future Zanaflex products. The agreement covers all Zanaflex net revenues (as defined in the agreement) generated from October 1, 2005 through and including December 31, 2015, unless the agreement terminates earlier. In November 2006, the Company entered into an amendment to the revenue interests assignment agreement with PRF. Under the terms of the amendment, PRF paid the Company $5.0 million in November 2006. An additional $5.0 million is due if the Company s net revenues during the fiscal year 2006 equals or exceeds $25.0 million. This milestone has been met and the receivable is reflected in the Company s December 31, 2006 financial statements. Under the terms of the amendment, the Company is required to pay PRF $5.0 million on December 1, 2009 and an additional $5.0 million on December 1, 2010 since the 2006 net revenues milestone was met.

Under the agreement and the amendment to the agreement, PRF is entitled to the following portion of Zanaflex net revenues:

- with respect to Zanaflex net revenues up to and including $30.0 million for each fiscal year during the term of the agreement, 15% of such net revenues;

- with respect to Zanaflex net revenues in excess of $30.0 million but less than and including $60.0 million for each fiscal year during the term of the agreement, 6% of such net revenues; and

- with respect to Zanaflex net revenues in excess of $60.0 million for each fiscal year during the term of the agreement, 1% of such net revenues.

Notwithstanding the foregoing, once PRF has received and retained payments under the amended agreement that are at least 2.1 times the aggregate amount PRF has paid the Company under the agreement, PRF will only be entitled to 1% of Zanaflex net revenues. If PRF is entitled to 15% of net revenues as described above, the Company will remit 8% of cash payments received from wholesalers to PRF on a daily basis, with a quarterly reconciliation and settlement.

In connection with the transaction, the Company recorded a liability, referred to as the revenue interest liability, in accordance with EITF 88-18, *Sales of Future Revenues.* The Company will impute interest expense associated with this liability using the effective interest rate method and will record a corresponding accrued interest liability. The effective interest rate is calculated based on the rate that would enable the debt to be repaid in full over the life of the arrangement. The interest rate on this liability may vary during the term of the agreement depending on a number of factors, including the level of Zanaflex sales. The Company currently estimates that the imputed interest rate associated with this liability will be approximately 4.5%. Payments made to PRF as a result of Zanaflex sales levels will reduce the accrued interest liability and the principal amount of the revenue interest liability. The Company recorded approximately $2.1 million and $476,000 in interest expense related to this agreement in 2006 and 2005, respectively. Through December 31, 2006, $4.0 million in payments have been made to PRF as a result of Zanaflex sales levels.

The agreement also contains put and call options whereby the Company may repurchase the revenue interest at its option or can be required by PRF to repurchase the revenue interest, contingent upon certain events. If the Company experiences a change of control, undergoes certain bankruptcy events, transfers any of their interests in Zanaflex (other than pursuant to a license agreement, development, commercialization, co-promotion, collaboration, partnering or similar agreement), transfers all or substantially all of its assets, or breaches certain of the covenants, representations or warranties made under the agreement, PRF has the right, which we refer to as PRF s put option, to

require the Company to repurchase the rights sold to PRF at the put/call price in effect on the date such right is exercised. If the Company experiences a change of control or completes an initial public offering of shares of its common stock that results in the Company having a total market capitalization in excess of $150.0 million, it has the right, which we refer to as the Company s call option, to repurchase the rights sold to PRF at the put/call price in effect on the date such right is exercised. If the Company s call option becomes exercisable as a result of this offering, the Company will have a period of 180 days during which to exercise the option. The Company does not currently intend to exercise its call option if it becomes exercisable as a result of this offering but may reevaluate whether it would exercise the option during the 180-day period. The put/call price on a given date is the greater of (i) 150% of all payments made by PRF as of such date, less all payments received by PRF as of such date, and (ii) an amount that would generate an internal rate of return to PRF of 25% on all payments made by PRF as of such date, taking into account the amount and timing of all payments received by PRF as of such date. The Company has determined that PRF s put option and the Company s call option meet the criteria to be considered an embedded derivative and should be accounted for as such. The Company recorded a net liability of $350,000 as of December 31, 2006 related to the put/call option to reflect its estimated fair value as of the date of the agreement, in accordance with SFAS No. 133, *Accounting for Derivatives Instruments and Hedging Activities.* This liability is revalued on a quarterly basis to reflect any changes in the fair value and any gain or loss resulting from the revaluation will be recorded in earnings. For the year ended December 31, 2006, a gain of $50,000 has been recorded on the change in the net put/call liability balance from December 31, 2005.

(16) Subsequent Event

On February 2, 2007, the Company entered into an amendment to the lease agreement for its facility. Under the amendment, the Company increased the total leased space and extended the lease term for its original leased space through December 2009.

(17) Quarterly Consolidated Financial Data (unaudited)

	2006 March 31	June 30	September 30	December 31
Net sales	3,677,704	9,424,211	6,156,966	7,684,900
Gross profit	2,758,443	8,259,613	4,575,035	4,635,022
Loss before extraordinary items and cumulative effect of change in accounting principle	(7,398,007)	(2,896,353)	(7,169,666)	(7,009,571)
Net loss allocable to common stockholders basic and diluted	(42,951,238)	(2,896,353)	(7,169,666)	(7,009,571)
Net loss per share allocable to common shareholders basic and diluted	$ (3.95)	$ (0.15)	$ (0.37)	$ (0.30)

	2005 March 31	June 30	September 30	December 31
Net sales	(139,542)	(226,711)	2,613,784	2,561,994
Gross profit	(595,944)	(1,182,811)	1,936,511	(144,377)
Loss before extraordinary items and cumulative effect of change in accounting principle	(7,152,038)	(11,332,670)	(7,481,883)	(9,566,461)
Net loss allocable to common stockholders basic and diluted	(13,364,185)	(17,330,029)	(13,906,015)	(15,778,608)

(b) Exhibits.

The following Exhibits are incorporated herein by reference or are filed with this Annual Report on Form 10-K as indicated below.

Exhibit No.	Description
3.3	Amended and Restated Certificate of Incorporation of the Registrant. Incorporated herein by reference to Exhibit 3.3 to the Registrant s Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
3.4	Amended and Restated Bylaws of the Registrant. Incorporated herein by reference to Exhibit 3.2 of the Registrant s Current Report on Form 8-K filed on March 21, 2007.
3.5	Certificate of Amendment to Amended and Restated Certificate of Incorporation of the Registrant. Incorporated herein by reference to Exhibit 3.5 to the Registrant s Registration Statement on Form S-1/A, No. 333-128827, filed on January 18, 2006.
3.6	Certificate of Amendment to Amended and Restated Certificate of Incorporation of the Registrant. Incorporated herein by reference to Exhibit 3.6 to the Registrant s Registration Statement on Form S-1/A, No. 333-128827, filed on January 18, 2006.
4.1	Specimen Stock Certificate evidencing shares of common stock. Incorporated herein by reference to Exhibit 4.1 to the Registrant s Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
4.2	Warrant to purchase 100,000 shares of Series B Preferred Stock, $2.00 par value per share, dated February 4, 2002, issued by the Registrant to Elan International Services, Ltd. Incorporated herein by reference to Exhibit 4.2 to the Registrant s Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
4.3	Warrant to purchase 40,000 shares of common stock, $0.10 par value per share, dated May 1, 1996, issued by the Registrant to Mark Noble and Margo Meyer. Incorporated herein by reference to Exhibit 4.3 to the Registrant s Registration Statement on Form S-1/A, No. 333-128827, filed on January 5, 2006.
4.4	Warrant to purchase $300,000 worth of Warrant Shares, dated January 28, 2005, issued by the Registrant to General Electric Capital Corporation. Incorporated herein by reference to Exhibit 4.4 to the Registrant s Registration Statement on Form S-1/A, No. 333-128827, filed on January 5, 2006.
5.1	Opinion of Covington and Burling. Incorporated herein by reference to Exhibit 5.1 to the Registrant s Form S-1, filed on November 20, 2006.
10.1**	Acorda Therapeutics 1999 Employee Stock Option Plan. Incorporated herein by reference to Exhibit 10.1 to the Registrant s Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
10.2**	Amendment to 1999 Employee Stock Option Plan. Incorporated herein by reference to Exhibit 10.2 to the Registrant s Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
10.3**	Amendment No. 2 to 1999 Employee Stock Option Plan. Incorporated herein by reference to Exhibit 10.3 to the Registrant s Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
10.4**	Acorda Therapeutics 2006 Employee Incentive Plan. Incorporated herein by reference to Exhibit 10.4 to the Registrant s Registration Statement on Form S-1/A, No. 333-128827, filed on January 5, 2006.
10.5**	Acorda Therapeutics 2006 Employee Incentive Plan, as amended as of January 13, 2005. Incorporated herein by reference to Exhibit 3.6 to the Registrant s Registration Statement on Form S-1/A, No. 333-128827, filed on January 18, 2006.

10.6	Sixth Amended and Restated Registration Rights Agreement, dated March 3, 2004, by and among the Registrant and certain stockholders named therein. Incorporated herein by reference to Exhibit 10.4 to the Registrant s Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
10.7**	Employment Agreement, dated August 11, 2002, by and between the Registrant and Ron Cohen. Incorporated herein by reference to Exhibit 10.5 to the Registrant s Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
10.8**	Amendment to August 11, 2002 Employment Agreement, dated September 26, 2005, by and between the Registrant and Ron Cohen. Incorporated herein by reference to Exhibit 10.6 to the Registrant s Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
10.9**	Letter Agreement, dated November 30, 2004, by and between the Registrant and Mark Pinney. Incorporated herein by reference to Exhibit 10.7 to the Registrant s Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
10.10**	Employment Agreement, dated as of December 19, 2005, by and between the Registrant and Andrew R. Blight. Incorporated herein by reference to Exhibit 10.9 to the Registrant s Registration Statement on Form S-1/A, No. 333-128827, filed on January 5, 2006.
10.11**	Employment Agreement, dated as of December 19, 2005, by and between the Registrant and Mary Fisher. Incorporated herein by reference to Exhibit 10.10 to the Registrant s Registration Statement on Form S-1/A, No. 333-128827, filed on January 5, 2006.
10.12**	Employment Agreement, dated as of December 19, 2005, by and between the Registrant and David Lawrence. Incorporated herein by reference to Exhibit 10.11 to the Registrant s Registration Statement on Form S-1/A, No. 333-128827, filed on January 5, 2006.
10.13**	Employment Agreement, dated as of December 19, 2005, by and between the Registrant and Jane Wasman. Incorporated herein by reference to Exhibit 10.12 to the Registrant s Registration Statement on Form S-1/A, No. 333-128827, filed on January 5, 2006.
10.14*	Amended and Restated License Agreement, dated September 26, 2003, by and between the Registrant and Elan Corporation, plc. Incorporated herein by reference to Exhibit 10.8 to the Registrant s Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
10.15*	Supply Agreement, dated September 26, 2003, by and between the Registrant and Elan Corporation, plc. Incorporated herein by reference to Exhibit 10.9 to the Registrant s Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006
10.16*	License Agreement, dated September 26, 2003, by and between the Registrant and Rush-Presbyterian-St. Luke s Medical Center. Incorporated herein by reference to Exhibit 10.10 to the Registrant s Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
10.17	Side Agreement, dated September 26, 2003, by and among the Registrant, Rush-Presbyterian-St. Luke s Medical Center, and Elan Corporation, plc. Incorporated herein by reference to Exhibit 10.11 to the Registrant s Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
10.18*	Payment Agreement, dated September 26, 2003, by and among the Registrant, Rush-Presbyterian-St. Luke s Medical Center, and Elan Corporation, plc. Incorporated herein by reference to Exhibit 10.12 to the Registrant s Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.

10.19*	Amendment No. 1 to the Payment Agreement, dated as of October 27, 2003, by and between the Registrant and Elan Corporation, plc. Incorporated herein by reference to Exhibit 10.19 to the Registrant s Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
10.20*	Amended and Restated License Agreement, dated August 1, 2003, by and between the Registrant and Canadian Spinal Research Organization. Incorporated herein by reference to Exhibit 10.20 to the Registrant s Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006
10.21*	License Agreement, dated February 3, 2003, by and between the Registrant and Cornell Research Foundation, Inc. Incorporated herein by reference to Exhibit 10.21 to the Registrant s Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
10.22*	License Agreement, dated November 12, 2002, by and between the Registrant and CeNeS Pharmaceuticals, plc. Incorporated herein by reference to Exhibit 10.22 to the Registrant s Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
10.23*	License Agreement, dated November 12, 2002, by and between the Registrant and CeNeS Pharmaceuticals, plc. Incorporated herein by reference to Exhibit 10.23 to the Registrant s Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
10.24*	License Agreement, dated September 8, 2000, by and between the Registrant and Mayo Foundation for Medical Education and Research. Incorporated herein by reference to Exhibit 10.24 to the Registrant s Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
10.25*	Side Letter Agreement, dated June 1, 2005, by and between the Registrant and Mayo Foundation for Medical Education and Research. Incorporated herein by reference to Exhibit 10.25 to the Registrant s Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
10.26*	Asset Purchase Agreement, dated as of July 21, 2004, by and between the Registrant and Elan Pharmaceuticals, Inc. Incorporated herein by reference to Exhibit 10.26 to the Registrant s Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
10.27*	Zanaflex Supply Agreement, dated as of July 21, 2004, by and between the Registrant and Elan Pharma International Limited. Incorporated herein by reference to Exhibit 10.27 to the Registrant s Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
10.28*	Assignment and Assumption Agreement, dated as of July 21, 2004, by and among the Registrant, Elan Pharmaceuticals, Inc., and Novartis Pharma AG. Incorporated herein by reference to Exhibit 10.28 to the Registrant s Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
10.29*	License Agreement, dated April 17, 1991, by and between Sandoz Pharma, now Novartis Pharma AG and Athena Neurosciences, Inc., now Elan Pharmaceuticals, Inc. Incorporated herein by reference to Exhibit 10.29 to the Registrant s Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
10.30	Patent Assignment Agreement, dated as of July 21, 2004, by and between the Registrant and Elan Pharmaceuticals, Inc. Incorporated herein by reference to Exhibit 10.24 to the Registrant s Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.

10.31	Trademark License Agreement, dated as of July 21, 2004, by and between the Registrant and Elan Pharmaceuticals, Inc. Incorporated herein by reference to Exhibit 10.25 to the Registrant s Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
10.32	Agreement Relating to Additional Trademark, dated as of July 2005, by and between the Registrant and Elan Pharmaceuticals, Inc. Incorporated herein by reference to Exhibit 10.32 to the Registrant s Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
10.33	Domain Name Assignment Agreement, dated as of July 21, 2004, by and between the Registrant and Elan Pharmaceuticals, Inc. Incorporated herein by reference to Exhibit 10.27 to the Registrant s Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
10.34	Bill of Sale and Assignment and Assumption Agreement, dated as of July 21, 2004, by and between the Registrant and Elan Pharmaceuticals, Inc. Incorporated herein by reference to Exhibit 10.28 to the Registrant s Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
10.35	Limited Recourse Convertible Promissory Note issued to Elan International Services, Ltd. Incorporated herein by reference to Exhibit 10.29 to the Registrant s Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
10.36	Full Recourse Convertible Promissory Note issued to Elan International Services, Ltd. Incorporated herein by reference to Exhibit 10.30 to the Registrant s Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
10.37	Note Modification and Amendment, dated as of December 23, 2005, by and between the Registrant and Elan Pharma International Limited. Incorporated herein by reference to Exhibit 10.36 to the Registrant s Registration Statement on Form S-1/A, No. 333-128827, filed on January 5, 2006.
10.38*	Fampridine Tablet Technical Transfer Program Proposal for Commercial Registration, dated February 26, 2003, by and between the Registrant and Patheon, Inc. Incorporated herein by reference to Exhibit 10.38 to the Registrant s Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
10.39	Securities Amendment Agreement, dated September 26, 2003, by and among the Registrant, Elan Corporation plc and Elan International Services, Ltd. Incorporated herein by reference to Exhibit 10.31 to the Registrant s Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
10.40*	Syndicated Sales Force Agreement, dated as of August 1, 2005, between the Registrant and Cardinal Health PTS, LLC. Incorporated herein by reference to Exhibit 10.40 to the Registrant s Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
10.41*	License Agreement, dated as of December 19, 2003, by and among the Registrant, Cambridge University Technical Services Limited, and King s College London. Incorporated herein by reference to Exhibit 10.41 to the Registrant s Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
10.42	Promissory Note issued to General Electric Capital Corporation. Incorporated herein by reference to Exhibit 10.35 to the Registrant s Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
10.43	Revenue Interests Assignment Agreement, dated as of December 23, 2005, between the Registrant and King George Holdings Luxembourg IIA S.à.r.l., an affiliate of Paul Royalty Fund II, L.P. Incorporated herein by reference to Exhibit 10.41 to the Registrant s Registration Statement on Form S-1/A, No. 333-128827, filed on January 5, 2006.

10.44	Securities Purchase Agreement, dated as of October 3, 2006, by and among the Registrant and the purchasers listed on Exhibit A thereto. Incorporated herein by reference to Exhibit 10.44 of the Registrant s Current Report on Form 8-K filed on October 5, 2006.
10.45	First Amendment to Revenue Interests Assignment Agreement and to Guaranty, dated November 28, 2006 by and among the Registrant, King George Holdings Luxembourg IIA S.à.r.1. and Paul Royalty Fund II, L.P. Incorporated herein by reference to Exhibit 10.45 to Registrant s Current Report on Form 8-K filed on November 29, 2006.
21.1	List of Subsidiaries of the Registrant. Incorporated herein by reference to Exhibit 21.1 to the Registrant s Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
23.1	Consent of KPMG LLP, Independent Registered Public Accounting Firm.
23.2	Consent of Covington & Burling LLP. Included in Exhibit 5.1, incorporated herein by reference to Exhibit 5.1 of to the Registrant s Form S-1 filed on November 20, 2006.
31.1	Certification by the Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
31.2	Certification by the Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
32.1	Certification Pursuant to 18 USC. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Confidential treatment granted as to certain portions, which portions have been omitted and filed separately with the Securities and Exchange Commission

** Indicates management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Acorda Therapeutics, Inc. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the State of New York, on this 26th day of March 2007.

ACORDA THERAPEUTICS, INC.
By: /s/ RON COHEN
Ron Cohen
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ RON COHEN Ron Cohen, M.D.	President, Chief Executive Officer and Director (Principal Executive Officer)	March 26, 2007
/s/ DAVID LAWRENCE David Lawrence, M.B.A.	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 26, 2007
/s/ SANDRA PANEM Sandra Panem, Ph.D.	Director	March 26, 2007
/s/ BARCLAY A. PHILLIPS Barclay A. Phillips	Director	March 26, 2007
/s/ LORIN J. RANDALL Lorin J. Randall	Director	March 26, 2007
/s/ STEVEN M. RAUSCHER Steven M. Rauscher, M.B.A.	Director	March 26, 2007
/s/ BARRY GREENE Barry Greene	Director	March 26, 2007
/s/ IAN SMITH Ian Smith	Director	March 26, 2007
/s/ WISE YOUNG Wise Young	Director	March 26, 2007