ACORDA THERAPEUTICS INC

FORM 10-Q
(Quarterly Report)

Filed 08/07/14 for the Period Ending 06/30/14

Address	420 SAW MILL RIVER ROAD ARDSLEY, NY 10502
Telephone	914-347-4300
CIK	0001008848
Symbol	ACOR
SIC Code	2836 - Biological Products, Except Diagnostic Substances
Industry	Biotechnology & Drugs
Sector	Healthcare
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2014

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 000-50513

ACORDA THERAPEUTICS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**13-3831168**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
420 Saw Mill River Road, Ardsley, New York	**10502**
(Address of principal executive offices)	(Zip Code)

(914) 347-4300

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller Reporting Company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	**Outstanding at July 31, 2014**
Common Stock, $0.001 par value per share	41,744,929 shares

ACORDA THERAPEUTICS, INC.
TABLE OF CONTENTS

This Quarterly Report on Form 10-Q contains forward-looking statements relating to future events and our future performance within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Stockholders are cautioned that such statements involve risks and uncertainties, including: our ability to successfully market and sell Ampyra in the U.S.; third party payers (including governmental agencies) may not reimburse for the use of Ampyra or our other products at acceptable rates or at all and may impose restrictive prior authorization requirements that limit or block prescriptions; the risk of unfavorable results from future studies of Ampyra or from our other research and development programs, including Plumiaz (our trade name for Diazepam Nasal Spray) or any other acquired or in-licensed programs; we may not be able to complete development of, obtain regulatory approval for, or successfully market Plumiaz or other products under development; the occurrence of adverse safety events with our products; delays in obtaining or failure to obtain regulatory approval of or to successfully market Fampyra outside of the U.S. and our dependence on our collaboration partner Biogen Idec in connection therewith; competition, including the impact of generic competition on Zanaflex Capsules revenues; failure to protect our intellectual property, to defend against the intellectual property claims of others, or to obtain third party intellectual property licenses needed for the commercialization of our products; f ailure to comply with regulatory requirements could result in adverse action by regulatory agencies; and the ability to obtain additional financing to support our operations. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industry and markets in which we operate and management's beliefs and assumptions. All statements, other than statements of historical facts, included in this report regarding our strategy, future operations, future financial position, future revenues, projected costs, prospects, plans and objectives of management are forward-looking statements. The words "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "will," "would," and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make, and investors should not place undue reliance on these statements. In addition to the risks and uncertainties described above, we have included important factors in the cautionary statements in this report and in our Annual Report on Form 10-K for the year ended December 31, 2013, particularly in the "Risk Factors" section (as updated by the disclosures in our subsequent quarterly reports, including in Part II, Item 1A of this report), that we believe could cause actual results or events to differ materially from the forward-looking statements that we make. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments that we may make. Forward-looking statements in this report are made only as of the date hereof, and we do not assume any obligation to publicly update any forward-looking statements as a result of developments occurring after the date of this report.

We own several registered trademarks in the U.S. and in other countries. These registered trademarks include, in the U.S., the marks "Acorda Therapeutics," our stylized Acorda Therapeutics logo, "Ampyra," "Zanaflex," "Zanaflex Capsules," and "Qutenza." Also, our mark "Fampyra" is a registered mark in the European Community Trademark Office and we have registrations or pending applications for this mark in other jurisdictions. Our trademark portfolio also includes several registered trademarks and pending trademark applications (e.g., "Plumiaz") in the U.S. and worldwide for potential product names or for disease awareness activities. Third party trademarks, trade names, and service marks used in this report are the property of their respective owners.

PART I

Item 1. Financial Statements

ACORDA THERAPEUTICS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

(In thousands, except share data)	June 30, 2014	December 31, 2013
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 274,599	$ 48,037
Restricted cash	—	277
Short-term investments	331,254	225,891
Trade accounts receivable, net of allowances of $914 and $698, as of June 30, 2014 and December 31, 2013, respectively	27,027	30,784
Prepaid expenses	8,272	8,398
Finished goods inventory held by the Company	30,821	25,535
Finished goods inventory held by others	580	637
Deferred tax asset	10,452	19,314
Other current assets	10,124	8,460
Total current assets	693,129	367,333
Long-term investments	121,855	93,299
Property and equipment, net of accumulated depreciation	15,823	16,525
Deferred tax asset	84,885	107,985
Intangible assets, net of accumulated amortization	17,281	17,459
Non-current portion of deferred cost of license revenue	3,857	4,174
Other assets	6,487	352
Total assets	$ 943,317	$ 607,127
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 20,660	$ 15,922
Accrued expenses and other current liabilities	34,064	37,569
Deferred product revenue—Zanaflex	29,462	32,090
Current portion of deferred license revenue	9,057	9,057
Current portion of revenue interest liability	225	861
Current portion of convertible notes payable	1,144	1,144
Total current liabilities	94,612	96,643
Convertible senior notes (due 2021)	283,948	—
Non-current portion of deferred license revenue	55,099	59,628
Put/call liability	167	147
Non-current portion of revenue interest liability	258	493
Non-current portion of convertible notes payable	2,135	3,228
Other non-current liabilities	6,719	6,635
Commitments and contingencies		
Stockholders' equity:		
Common stock, $0.001 par value. Authorized 80,000,000 shares at June 30, 2014 and December 31, 2013; issued and outstanding 41,072,916 and 40,896,355 shares, including those held in treasury, as of June 30, 2014 and December 31, 2013, respectively	41	41
Treasury stock at cost (12,420 shares at June 30, 2014 and December 31, 2013)	(329)	(329)
Additional paid-in capital	733,265	678,686
Accumulated deficit	(232,694)	(238,082)
Accumulated other comprehensive income	96	37
Total stockholders' equity	500,379	440,353
Total liabilities and stockholders' equity	$ 943,317	$ 607,127

See accompanying Unaudited Notes to Consolidated Financial Statements

ACORDA THERAPEUTICS, INC. AND SUBSIDIARIES

Consolidated Statements of Operations

(unaudited)

(In thousands, except per share data)	Three-month period ended June 30, 2014	Three-month period ended June 30, 2013	Six-month period ended June 30, 2014	Six-month period ended June 30, 2013
Revenues:				
Net product revenues	$ 89,719	$ 80,125	$ 164,182	$ 144,209
Royalty revenues	5,146	4,664	8,937	10,180
License revenue	2,264	2,264	4,529	4,529
Total net revenues	97,129	87,053	177,648	158,918
Costs and expenses:				
Cost of sales	18,899	16,935	34,428	30,418
Cost of license revenue	159	159	317	317
Research and development	16,448	13,216	30,970	25,736
Selling, general and administrative	50,644	48,003	97,537	96,202
Total operating expenses	86,150	78,313	163,252	152,673
Operating income	10,979	8,740	14,396	6,245
Other expense (net):				
Interest and amortization of debt discount expense	(426)	(749)	(518)	(1,340)
Interest income	165	166	337	339
Total other expense (net)	(261)	(583)	(181)	(1,001)
Income before taxes	10,718	8,157	14,215	5,244
Provision for income taxes	(6,033)	(4,247)	(8,825)	(2,472)
Net income	$ 4,685	$ 3,910	$ 5,390	$ 2,772
Net income per share—basic	$ 0.11	$ 0.10	$ 0.13	$ 0.07
Net income per share—diluted	$ 0.11	$ 0.09	$ 0.13	$ 0.07
Weighted average common shares outstanding used in computing net income per share—basic	41,032	39,960	40,985	39,896
Weighted average common shares outstanding used in computing net income per share—diluted	42,432	41,583	42,336	41,311

See accompanying Unaudited Notes to Consolidated Financial Statements

ACORDA THERAPEUTICS, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

(unaudited)

(In thousands)	Three-month period ended June 30, 2014	Three-month period ended June 30, 2013	Six-month period ended June 30, 2014	Six-month period ended June 30, 2013
Net income	$ 4,685	$ 3,910	$ 5,390	$ 2,772
Other comprehensive income (loss):				
Unrealized losses on available for sale securities, net of tax	14	(29)	59	(8)
Other comprehensive income (loss), net of tax	14	(29)	59	(8)
Comprehensive income	$ 4,699	$ 3,881	$ 5,449	$ 2,764

See accompanying Unaudited Notes to Consolidated Financial Statements

ACORDA THERAPEUTICS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(unaudited)

(In thousands)	Six-month period ended June 30, 2014	Six-month period ended June 30, 2013
Cash flows from operating activities:		
Net income	$ 5,390	$ 2,772
Adjustments to reconcile net income to net cash provided by operating activities:		
Share-based compensation expense	13,373	11,471
Amortization of net premiums and discounts on investments	1,487	1,169
Amortization of debt discount and debt issuance costs	157	—
Amortization of revenue interest issuance cost	12	28
Depreciation and amortization expense	3,624	2,912
Loss (gain) on put/call liability	20	(329)
Deferred tax provision	8,863	2,339
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	3,757	(728)
Increase in prepaid expenses and other current assets	(1,538)	(1,371)
Increase in inventory held by the Company	(5,287)	(10,820)
Decrease in inventory held by others	57	87
Decrease in non-current portion of deferred cost of license revenue	317	317
Decrease in other assets	17	17
Increase (decrease) in accounts payable, accrued expenses, other current liabilities	134	(3,942)
(Decrease) increase in revenue interest liability interest payable	(510)	216
Decrease in non-current portion of deferred license revenue	(4,528)	(4,528)
Increase (decrease) in other non-current liabilities	18	(107)
(Decrease) increase in deferred product revenue—Zanaflex	(2,628)	811
Decrease in restricted cash	277	339
Net cash provided by operating activities	23,012	653
Cash flows from investing activities:		
Purchases of property and equipment	(1,390)	(2,728)
Purchases of intangible assets	(1,286)	(1,664)
Purchases of investments	(263,848)	(59,541)
Proceeds from maturities of investments	128,500	60,000
Net cash used in investing activities	(138,024)	(3,933)
Cash flows from financing activities:		
Proceeds from issuance of convertible senior notes	345,000	—
Debt issuance costs	(7,441)	—
Proceeds from issuance of common stock and option exercises	4,375	4,640
Repayments of revenue interest liability	(360)	(534)
Net cash provided by financing activities	341,574	4,106
Net increase in cash and cash equivalents	226,562	826
Cash and cash equivalents at beginning of period	48,037	41,876
Cash and cash equivalents at end of period	$ 274,599	$ 42,702
Supplemental disclosure:		
Cash paid for interest	706	1,059
Cash paid for taxes	1,214	1,337

See accompanying Unaudited Notes to Consolidated Financial Statements

ACORDA THERAPEUTICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(unaudited)

(1) Organization and Business Activities

Acorda Therapeutics, Inc. ("Acorda" or the "Company") is a biopharmaceutical company dedicated to the identification, development and commercialization of novel therapies to improve the lives of people with multiple sclerosis (MS), spinal cord injury (SCI) and other neurological disorders.

The management of the Company is responsible for the accompanying unaudited interim consolidated financial statements and the related information included in the notes to the consolidated financial statements. In the opinion of management, the unaudited interim consolidated financial statements reflect all adjustments, including normal recurring adjustments necessary for the fair presentation of the Company's financial position and results of operations and cash flows for the periods presented. Results of operations for interim periods are not necessarily indicative of the results to be expected for the entire year.

These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Company as of and for the year ended December 31, 2013 included in the Company's Annual Report on Form 10-K for such year, as filed with the Securities and Exchange Commission (the SEC).

(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 and include the results of operations of the Company and its majority owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

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 share-based compensation accounting, which are largely dependent on the fair value of the Company's equity securities. In addition, the Company recognizes Zanaflex revenue based on estimated prescriptions filled. The Company adjusts its Zanaflex inventory value based on an estimate of inventory that may be returned. Actual results could differ from those estimates.

Investments

Both short-term and long-term investments consist of US Treasury bonds. The Company classifies marketable securities available to fund current operations as short-term investments in current assets on its consolidated balance sheets. Marketable securities are classified as long-term investments in long-term assets on the consolidated balance sheets if the Company has the ability and intent to hold them and such holding period is longer than one year. The Company classifies its short-term and long-term investments as available-for-sale. Available-for-sale securities are recorded at fair value of the investments based on quoted market prices.

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 accumulated 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. Amortized premiums and discounts, dividend and interest income and realized gains and losses are included in interest income.

Accumulated Other Comprehensive Income

The Company's accumulated other comprehensive income is comprised of gains and losses on available for sale securities and is recorded and presented net of income tax.

Revenue Recognition

Ampyra

Ampyra is available only through a network of specialty pharmacy providers that provide the medication to patients by mail; Kaiser Permanente, which distributes Ampyra to patients through a closed network of on-site pharmacies; and ASD Specialty Healthcare, Inc. (an AmerisourceBergen affiliate), which distributes Ampyra to the U.S. Bureau of Prisons and the U.S. Department of Veterans Affairs (VA). Ampyra is not available in retail pharmacies. The Company does not recognize revenue from product sales until there is persuasive evidence of an arrangement, delivery has occurred, the price is fixed and determinable, the buyer is obligated to pay the Company, the obligation to pay is not contingent on resale of the product, the buyer has economic substance apart from the Company, the Company has no obligation to bring about the sale of the product, the amount of returns can be reasonably estimated and collectability is reasonably assured. The Company recognizes product sales of Ampyra following shipment of product to a network of specialty pharmacy providers, Kaiser Permanente, and the specialty distributor to the VA. The specialty pharmacy providers, Kaiser Permanente, and the specialty distributor to the VA are contractually obligated to hold no more than an agreed number of days of inventory, ranging from 10 to 30 days.

The Company's net revenues represent total revenues less allowances for customer credits, including estimated discounts, rebates, and chargebacks. These allowances are recorded for cash consideration given by a vendor to a customer that is presumed to be a reduction of the selling prices of the vendor's products or services and, therefore, are characterized as a reduction of revenue. At the time product is shipped to specialty pharmacies, Kaiser Permanente and the specialty distributor to the VA, an adjustment is recorded for estimated discounts, rebates, and chargebacks. These allowances are established by management as its best estimate based on available information and will be adjusted to reflect known changes in the factors that impact such allowances. Allowances for discounts, rebates, returns and chargebacks are established based on the contractual terms with customers, historical trends, communications with customers and the levels of inventory remaining in the distribution channel, as well as expectations about the market for the product and anticipated introduction of competitive products. Product shipping and handling costs are included in cost of sales. The Company does not accept returns of Ampyra with the exception of product damages that occur during shipping.

Zanaflex

The Company applies the revenue recognition guidance in Accounting Standards Codification (ASC) 605-15-25, which among 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. The Company has accumulated some sales history with Zanaflex Capsules; however, due to existing and potential generic competition and customer conversion from Zanaflex tablets to Zanaflex Capsules, we do not believe we can reasonably determine a return rate at this time. As a result, the Company accounts 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 is 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 following shipment to the customer when it believes it has sufficient data to develop reasonable estimates of expected returns based upon historical returns and greater certainty regarding generic competition.

The Company's net revenues represent total revenues less allowances for customer credits, including estimated discounts, rebates, and chargebacks. These allowances are recorded for cash consideration given by a vendor to a customer that 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 statement of operations. Adjustments are recorded for estimated chargebacks, rebates, and discounts. These allowances are established by management as its best estimate based on available information and are adjusted to reflect known changes in the factors that impact such allowances. Allowances

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. Product shipping and handling costs are included in cost of sales.

Qutenza

Qutenza is distributed in the United States by Besse Medical, Inc., a specialty distributor that furnishes the medication to physician offices; and by ASD Specialty Healthcare, Inc., a specialty distributor that furnishes the medication to hospitals and clinics. The Company does not recognize revenue from product sales until there is persuasive evidence of an arrangement, delivery has occurred, the price is fixed and determinable, the buyer is obligated to pay the Company, the obligation to pay is not contingent on resale of the product, the buyer has economic substance apart from the Company, the Company has no obligation to bring about the sale of the product, and the amount of returns can be reasonably estimated and collectability is reasonably assured. This means that, for Qutenza, the Company recognizes product sales following shipment of product to its specialty distributors.

The Company's net revenues represent total revenues less allowances for customer credits, including estimated rebates, chargebacks, and returns. These allowances are recorded for cash consideration given by a vendor to a customer that is presumed to be a reduction of the selling prices of the vendor's products or services and, therefore, are characterized as a reduction of revenue. At the time product is shipped, an adjustment is recorded for estimated rebates, chargebacks, and returns. These allowances are established by management as its best estimate based on available information and will be adjusted to reflect known changes in the factors that impact such allowances. Allowances for rebates, chargebacks, and returns are established based on the contractual terms with customers, historical trends, as well as expectations about the market for the product and anticipated introduction of competitive products. Product shipping and handling costs are included in cost of sales.

Milestones and royalties

In order to determine the revenue recognition for contingent milestones, the Company evaluates the contingent milestones using the criteria as provided by the Financial Accounting Standards Boards (FASB) guidance on the milestone method of revenue recognition. At the inception of a collaboration agreement the Company evaluates if payments are substantive. The criteria requires that (i) the Company determines if the milestone is commensurate with either its performance to achieve the milestone or the enhancement of value resulting from the Company's activities to achieve the milestone, (ii) the milestone be related to past performance, and (iii) the milestone be reasonable relative to all deliverable and payment terms of the collaboration arrangement. If these criteria are met then the contingent milestones can be considered substantive milestones and will be recognized as revenue in the period that the milestone is achieved. Royalties are recognized as earned in accordance with the terms of various research and collaboration agreements.

In-Process Research and Development

The cost of in-process research and development (IPR&D) acquired directly in a transaction other than a business combination is capitalized if the projects will be further developed or have an alternative future use; otherwise they are expensed. The fair values of IPR&D projects acquired in business combinations are capitalized. Several methods may be used to determine the estimated fair value of the IPR&D acquired in a business combination. The Company utilizes the "income method," and uses estimated future net cash flows that are derived from projected sales revenues and estimated costs. These projections are based on factors such as relevant market size, patent protection, historical pricing and expected industry trends. The estimated future net cash flows are then discounted to the present value using an appropriate discount rate. These assets are treated as indefinite-lived intangible assets until completion or abandonment of the projects, at which time the assets are amortized over the remaining useful life or written off, as appropriate. IPR&D intangible assets which are determined to have had a drop in their fair value are adjusted downward and an expense recognized on the statement of operations. These are tested at least annually or sooner when a triggering event occurs that could indicate a potential impairment.

Collaborations

The Company recognizes collaboration revenues and expenses by analyzing each element of the agreement to determine if it shall be accounted for as a separate element or single unit of accounting. If an element shall be treated separately for revenue recognition purposes, the revenue recognition principles most appropriate for that element are applied to determine when revenue shall be recognized. If an element shall not be treated separately for revenue recognition purposes, the revenue recognition principles most appropriate for the bundled group of elements are applied to determine when revenue shall be recognized. Payments received in excess of revenues recognized are recorded as deferred revenue until such time as the revenue recognition criteria have been met.

Concentration of Credit Risk

The Company's principal direct customers as of June 30, 2014 were a network of specialty pharmacies, Kaiser Permanente, and the specialty distributor to the VA for Ampyra, wholesale pharmaceutical distributors for Zanaflex Capsules and Zanaflex tablets, and two specialty distributors for Qutenza. The Company periodically assesses the financial strength of these customers and establishes allowances for anticipated losses, if necessary. Four customers individually accounted for more than 10% of the Company's product revenue in 2014 and 2013. Four and three customers individually accounted for more than 10% of the Company's accounts receivable as of June 30, 2014 and December 31, 2013, respectively. The Company's net product revenues are generated in the United States.

Segment and Geographic Information

The Company is managed and operated as one business which is focused on the identification, development and commercialization of novel therapies that improve neurological function in people with MS, SCI and other disorders of the central nervous system. 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 products or product candidates and the Company does not prepare discrete financial information with respect to separate products or product candidates or by location. Accordingly, the Company views its business as one reportable operating segment. Net product revenues reported to date are derived from the sales of Ampyra, Zanaflex and Qutenza in the United States.

Subsequent Events

Subsequent events are defined as those events or transactions that occur after the balance sheet date, but before the financial statements are filed with the Securities and Exchange Commission. The Company completed an evaluation of the impact of any subsequent events through the date these financial statements were issued, and determined there were no subsequent events requiring disclosure in or requiring adjustment to these financial statements.

Recent Accounting Pronouncements

In July 2013, the FASB issued Accounting Standards Update "Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists" (ASU 2013-11). ASU 2013-11 requires an entity to present an unrecognized tax benefit as a reduction of a deferred tax asset for a net operating loss (NOL) carryforward, or similar tax loss or tax credit carryforward, rather than as a liability when (1) the uncertain tax position would reduce the NOL or other carryforward under the tax law of the applicable jurisdiction and (2) the entity intends to use the deferred tax asset for that purpose. ASU 2013-11 is effective prospectively for fiscal years and interim periods within those years, beginning after December 15, 2013 for public entities. The adoption of ASU 2013-11 did not have a significant impact on the Company's consolidated financial statements.

In May 2014, the FASB issued Accounting Standards Update 2014-09, "Revenue from Contracts with Customers" (ASU 2014-09), which requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. The new guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. The Company is currently evaluating the impact of the new standard.

(3) Share-based Compensation

During the three-month periods ended June 30, 2014 and 2013, the Company recognized share-based compensation expense of $7.6 million and $6.5 million, respectively. During the six-month periods ended June 30, 2014 and 2013, the Company recognized share-based compensation expense of $13.4 million and $11.5 million, respectively. Activity in options and restricted stock during the six-month period ended June 30, 2014 and related balances outstanding as of that date are reflected below. The weighted average fair value per share of options granted to employees for the three-month periods ended June 30, 2014 and 2013 were approximately $15.37 and $16.81, respectively. The weighted average fair value per share of options granted to employees for the six-month periods ended June 30, 2014 and 2013 were approximately $18.18 and $15.56, respectively.

The following table summarizes share-based compensation expense included within the consolidated statements of operations:

(In millions)	For the three-month period ended June 30, 2014	For the three-month period ended June 30, 2013	For the six-month period ended June 30, 2014	For the six-month period ended June 30, 2013
Research and development	$ 1.6	$ 1.5	$ 2.7	$ 2.7
Selling, general and administrative	6.0	5.0	10.7	8.8
Total	$ 7.6	$ 6.5	$ 13.4	$ 11.5

A summary of share-based compensation activity for the six-month period ended June 30, 2014 is presented below:

Stock Option Activity

	Number of Shares (In thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Intrinsic Value (In thousands)
Balance at January 1, 2014	6,486	$ 25.61		
Granted	1,625	37.31		
Cancelled	(129)	31.31		
Exercised	(173)	25.35		
Balance at June 30, 2014	7,809	$ 27.96	7.0	$ 52,648
Vested and expected to vest at June 30, 2014	7,709	$ 27.87	6.9	$ 52,477
Vested and exercisable at June 30, 2014	4,378	$ 24.16	5.4	$ 42,555

Restricted Stock Activity

(In thousands) Restricted Stock	Number of Shares
Nonvested at January 1, 2014	421
Granted	284
Vested	(4)
Forfeited	(20)
Nonvested at June 30, 2014	681

Unrecognized compensation cost for unvested stock options and restricted stock awards as of June 30, 2014 totaled $67.9 million and is expected to be recognized over a weighted average period of approximately 2.8 years.

(4) Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share for the three and six-month periods ended June 30, 2014 and 2013:

(In thousands, except per share data)	Three-month period ended June 30, 2014	Three-month period ended June 30, 2013	Six-month period ended June 30, 2014	Six-month period ended June 30, 2013
Basic and diluted				
Net income	$ 4,685	$ 3,910	$ 5,390	$ 2,772
Weighted average common shares outstanding used in computing net income per share—basic	41,032	39,960	40,985	39,896
Plus: net effect of dilutive stock options and restricted common shares	1,400	1,623	1,351	1,415
Weighted average common shares outstanding used in computing net income per share—diluted	42,432	41,583	42,336	41,311
Net income per share—basic	$ 0.11	$ 0.10	$ 0.13	$ 0.07
Net income per share—diluted	$ 0.11	$ 0.09	$ 0.13	$ 0.07

The difference between basic and diluted shares is that diluted shares include the dilutive effect of the assumed exercise of outstanding securities. The Company's stock options and unvested shares of restricted common stock could have the most significant impact on diluted shares.

Securities that could potentially be dilutive are excluded from the computation of diluted earnings per share when a loss from continuing operations exists or when the exercise price exceeds the average closing price of the Company's common stock during the period, because their inclusion would result in an anti-dilutive effect on per share amounts.

In June 2014, the Company issued $345 million aggregate principal amount of 1.75% Convertible Senior Notes (the "Notes"), which aggregate principal amount includes the exercise of the underwriter's over-allotment option. See Note 8 – "Convertible Senior Notes". As the Company has a choice to settle the conversion obligation under the Notes in cash, shares or any combination of the two, the Company has determined that it intends to and has the ability to settle the accreted principal value of the Notes in cash and the excess conversion premium in shares. While the dilutive effect of the potential conversion premium will be considered in the calculation of diluted net income per share using the treasury stock method, the accreted principal value of the Notes will not be included in the calculation of diluted income per share, as we intend to settle this in cash.

The following amounts were not included in the calculation of net income per diluted share because their effects were anti-dilutive:

(In thousands)	Three-month period ended June 30, 2014	Three-month period ended June 30, 2013	Six-month period ended June 30, 2014	Six-month period ended June 30, 2013
Denominator				
Stock options and restricted common shares	3,739	1,762	3,859	3,139
Convertible note – Saints Capital	29	39	29	39

(5) Income Taxes

For the six-month periods ended June 30, 2014 and 2013, the Company recorded a provision for income taxes of $8.8 million and $2.5 million, respectively, based upon its estimated tax liability for the year. The provision for/benefit from income taxes is based on federal, state and Puerto Rico income taxes. The effective income tax rates for the Company for the three-month periods ended June 30, 2014 and 2013 were 56% and 52%, respectively. The effective income tax rates for the Company for the six-month periods ended June 30, 2014 and 2013 were 62% and 47%, respectively. As a result of the Federal research and development tax credit not being extended during the first and second quarter of 2014, the Company was not able to receive a benefit in the effective tax rate for this in 2014.

The Company continues to evaluate the realizability of its deferred tax assets and liabilities on a periodic basis and will adjust such amounts in light of changing facts and circumstances including, but not limited to, future projections of taxable income, tax legislation, rulings by relevant tax authorities, the progress of ongoing tax audits and the regulatory approval of products currently under development. Any changes to the valuation allowance or deferred tax assets in the future would impact the Company's income taxes.

(6) Fair Value Measurements

The following table presents information about the Company's assets and liabilities measured at fair value on a recurring basis as of June 30, 2014 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities. Fair values determined by Level 2 inputs utilize data points that are observable, such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs utilize unobservable data points for the asset or liability. The Company's Level 1 assets consist of time deposits and investments in a Treasury money market fund and the Company's Level 2 assets consist of high-quality government bonds and are valued using market prices on the active markets. Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets and Level 2 assets are valued using quoted prices for similar assets and liabilities in active markets or other market observable inputs such as interest rates and yield curves. The Company's Level 3 liabilities represent our put/call liability related to the Paul Royalty Fund (PRF) transaction and contingent consideration related to the NeurogesX acquisition. No changes in valuation techniques or inputs occurred during the three or six months ended June 30, 2014.

(In thousands)	Level 1	Level 2	Level 3
June 30, 2014			
Assets Carried at Fair Value:			
Cash equivalents	$ 253,604	$ —	$ —
Short-term investments	—	331,254	—
Long-term investments	—	121,855	—
Liabilities Carried at Fair Value:			
Put/call liability	—	—	167
Contingent purchase price	—	—	254
December 31, 2013			
Assets Carried at Fair Value:			
Cash equivalents	$ 28,308	$ —	$ —
Short-term investments	—	225,891	—
Long-term investments	—	93,299	—
Liabilities Carried at Fair Value:			
Put/call liability	—	—	147
Contingent purchase price	—	—	236

The following tables present additional information about assets and/or liabilities measured at fair value on a recurring basis and for which the Company utilizes Level 3 inputs to determine fair value.

Put/call liability

(In thousands)	Three-month period ended June 30, 2014	Three-month period ended June 30, 2013	Six-month period ended June 30, 2014	Six-month period ended June 30, 2013
Put/call liability:				
Balance, beginning of period	$ 167	$ 247	$ 147	$ 329
Total realized and unrealized gains included in selling, general and administrative expenses:	—	(247)	20	(329)
Balance, end of period	$ 167	$ —	$ 167	$ —

The Company estimates the fair value of its put/call liability using a discounted cash flow valuation technique. Using this approach, historical and expected future cash flows are calculated over the expected life of the PRF agreement, are discounted, and then exercise scenario probabilities are applied. Some of the more significant assumptions made in the valuation include (i) the estimated Zanaflex revenue forecast and (ii) the likelihood of put/call exercise trigger events such as

bankruptcy and change of control. The valuation is performed periodically when the significant assumptions change. Realized gains and losses are included in selling, general and administrative expenses.

The put/call liability has been classified as a Level 3 liability as its valuation requires substantial judgment and estimation of factors that are not currently observable in the market due to the lack of trading in the security. If different assumptions were used for the various inputs to the valuation approach including, but not limited to, assumptions involving the estimated Zanaflex revenue forecast and the likelihood of trigger events, the estimated fair value could be significantly higher or lower than the fair value we determined. The Company may be required to record losses in future periods, which may be significant.

Contingent purchase price

(In thousands)	Three-month period ended June 30, 2014	Three-month period ended June 30, 2013	Six-month period ended June 30, 2014	Six-month period ended June 30, 2013
Contingent purchase price:				
Balance, beginning of period	$ 245	$ —	$ 236	$ —
Total losses included in selling, general and administrative expenses:	9	—	18	—
Balance, end of period	$ 254	$ —	$ 254	$ —

The Company measures the fair value of the contingent purchase price using a Monte Carlo simulation. Using this approach, the present value of each of the milestone payments is calculated using the probability of milestone achievement under various different scenarios. Some of the more significant assumptions used in the valuation include (i) the probability of FDA approval for NP-1998 and (ii) the variability in net sales for NP-1998 if FDA approval is achieved. The milestone achievement probabilities range from 0% to 10%, and the milestone payment outcomes range from $0 to $5.0 million. The valuation will be performed periodically when the significant assumptions change. Realized gains and losses are included in selling, general and administrative expenses. There is no assurance that any of the conditions for the milestone payments will be met.

The contingent purchase price has been classified as a Level 3 liability as its valuation requires substantial judgment and estimation of factors that are not currently observable in the market. If different assumptions were used for the various inputs to the valuation approach including, but not limited to, assumptions involving the probability of FDA approval for NP-1998 and the likelihood of trigger events, the estimated fair value could be significantly higher or lower than the fair value we determined. The Company may be required to record losses in future periods.

(7) Investments

The Company has determined that all of its 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 and are recorded based primarily on quoted market prices. Available-for-sale securities consisted of the following:

(In thousands)	Amortized Cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
June 30, 2014				
US Treasury bonds	$ 452,947	$ 166	$ (4)	$ 453,109
December 31, 2013				
US Treasury bonds	319,123	69	(2)	319,190

The contractual maturities of short-term available-for-sale debt securities at June 30, 2014 and December 31, 2013 are greater than 3 months but less than 1 year. The contractual and intended maturities of long-term available-for-sale debt securities at June 30, 2014 and December 31, 2013 are greater than 1 year and up to 16 months. The Company has determined that there were no other-than-temporary declines in the fair values of its investments as of June 30, 2014.

Short-term investments with maturity of three months or less from date of purchase have been classified as cash equivalents, and amounted to $253.6 million and $28.3 million as of June 30, 2014 and December 31, 2013, respectively.

The Company holds available-for-sale investment securities which are reported at fair value on the Company's balance sheet. Unrealized holding gains and losses are reported within accumulated other comprehensive income (AOCI) in the statements of comprehensive (loss) income. The changes in AOCI associated with the unrealized holding gain on available-for-sale investments during the six months ended June 30, 2014, were as follows (in thousands):

(In thousands)	Net Unrealized Gains on Marketable Securities, Net of Tax
Balance at December 31, 2013	$ 37
Other comprehensive income before reclassifications:	59
Amounts reclassified from accumulated other comprehensive income	—
Net current period other comprehensive income	59
Balance at June 30, 2014	$ 96

(8) Convertible Senior Notes

On June 17, 2014, the Company entered into an underwriting agreement (the "Underwriting Agreement") with J.P. Morgan Securities LLC (the "Underwriter") relating to the issuance by the Company of $345 million aggregate principal amount of 1.75% Convertible Senior Notes due 2021 (the "Notes") in an underwritten public offering pursuant to the Company's Registration Statement on Form S-3 (File No. 333-196803) (the "Registration Statement") and a related preliminary and final prospectus supplement, filed with the Securities and Exchange Commission (the "Offering"). The principal amount of Notes includes $45 million aggregate principal amount of Notes that was purchased by the Underwriter pursuant to an option granted to the Underwriter in the Underwriting Agreement, which option was exercised in full. The net proceeds from the offering, after deducting the Underwriter's discount and the estimated offering expenses payable by the Company, were approximately $337.6 million.

The Notes are governed by the terms of an indenture, dated as of June 23, 2014 (the "Base Indenture") and the first supplemental indenture, dated as of June 23, 2014 (the "Supplemental Indenture," and together with the Base Indenture, the "Indenture"), each between the Company and Wilmington Trust, National Association, as trustee (the Trustee). The Notes will be convertible into cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock, at the Company's election, based on an initial conversion rate, subject to adjustment, of 23.4968 shares per $1,000 principal amount of Notes (which represents an initial conversion price of approximately $42.56 per share), only in the following circumstances and to the following extent: (1) during the five business day period after any five consecutive trading day period (the "measurement period") in which the trading price per $1,000 principal amount of Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate on each such trading day; (2) during any calendar quarter commencing after the calendar quarter ending on September 30, 2014 (and only during such calendar quarter), if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (3) if the Company calls any or all of the Notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date; (4) upon the occurrence of specified events described in the Indenture; and (5) at any time on or after December 15, 2020 through the second scheduled trading day immediately preceding the maturity date.

The Company may not redeem the Notes prior to June 20, 2017. The Company may redeem for cash all or part of the Notes, at the Company's option, on or after June 20, 2017 if the last reported sale price of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending within five trading days prior to the date on which the Company provides notice of redemption at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date.

The Company will pay 1.75% interest per annum on the principal amount of the Notes, payable semiannually in arrears in cash on June 15 and December 15 of each year, beginning on December 15, 2014. The Notes will mature on June 15, 2021.

If the Company undergoes a “fundamental change” (as defined in the Indenture), subject to certain conditions, holders may require the Company to repurchase for cash all or part of their Notes in principal amounts of $1,000 or an integral multiple thereof. The fundamental change repurchase price will be equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date. If a make-whole fundamental change, as described in the Indenture, occurs and a holder elects to convert its Notes in connection with such make-whole fundamental change, such holder may be entitled to an increase in the conversion rate as described in the Indenture.

The Indenture contains customary terms and covenants and events of default. If an event of default (other than certain events of bankruptcy, insolvency or reorganization involving the Company) occurs and is continuing, the Trustee by notice to the Company, or the holders of at least 25% in principal amount of the outstanding Notes by notice to the Company and the Trustee, may declare 100% of the principal of and accrued and unpaid interest, if any, on all the Notes to be due and payable. Upon such a declaration of acceleration, such principal and accrued and unpaid interest, if any, will be due and payable immediately. Upon the occurrence of certain events of bankruptcy, insolvency or reorganization involving the Company, 100% of the principal of and accrued and unpaid interest, if any, on all of the Notes will become due and payable automatically. Notwithstanding the foregoing, the Indenture provides that, to the extent the Company elects and for up to 270 days, the sole remedy for an event of default relating to certain failures by the Company to comply with certain reporting covenants in the Indenture consists exclusively of the right to receive additional interest on the Notes.

The Notes will be senior unsecured obligations and will rank equally with all of the Company’s existing and future senior debt and senior to any of the Company’s subordinated debt. The Notes will be structurally subordinated to all existing or future indebtedness and other liabilities (including trade payables) of the Company’s subsidiaries and will be effectively subordinated to the Company’s existing or future secured indebtedness to the extent of the value of the collateral. The Indenture does not limit the amount of debt that the Company or its subsidiaries may incur.

In accounting for the issuance of the Notes, the Company separated the Notes into liability and equity components. The carrying amount of the liability component was calculated by measuring the fair value of a similar liability that does not have an associated convertible feature. The carrying amount of the equity component representing the conversion option was determined by deducting the fair value of the liability component from the par value of the Notes as a whole. The excess of the principal amount of the liability component over its carrying amount, referred to as the debt discount, is amortized to interest expense over the seven-year term of the Notes using the effective interest method. The equity component is not re-measured as long as it continues to meet the conditions for equity classification.

Our outstanding note balances as of June 30, 2014 consisted of the following:

(In thousands)	June 30, 2014
Liability component:	
Principal	$ 345,000
Less: debt discount, net	(61,052)
Net carrying amount	$ 283,948
Equity component	$ 61,195

In connection with the issuance of the Notes, we incurred approximately $7.4 million of debt issuance costs, which primarily consisted of underwriting, legal and other professional fees, and allocated these costs to the liability and equity components based on the allocation of the proceeds. Of the total $7.4 million of debt issuance costs, $1.2 million were allocated to the equity component and recorded as a reduction to additional paid-in capital and $6.2 million were allocated to the liability component and recorded as deferred financing costs included in other assets on the balance sheet. The portion allocated to the liability component is amortized to interest expense over the expected life of the Notes using the effective interest method.

We determined the expected life of the debt was equal to the seven year term on the Notes. The carrying amount of the Company’s borrowings of $283.9 million approximates fair value at June 30, 2014. As of June 30, 2014, the remaining contractual life of the Notes is approximately 7.0 years. The effective interest rate on the liability component was 4.8% for the period from the date of issuance through June 30, 2014. The following table sets forth total interest expense recognized related to the Notes during the three months ended June 30, 2014:

(In thousands)	June 30, 2014
Contractual interest expense	$ 116
Amortization of debt issuance costs	14
Amortization of debt discount	143
Total interest expense	$ 273

(9) Collaborations, Alliances, and Other Agreements

Biogen

On June 30, 2009, the Company entered into an exclusive collaboration and license agreement with Biogen Idec International GmbH (Biogen Idec) to develop and commercialize Ampyra (known as Fampyra outside the U.S.) in markets outside the United States (the "Collaboration Agreement"). Under the Collaboration Agreement, Biogen Idec was granted the exclusive right to commercialize Ampyra and other products containing aminopyridines developed under that agreement in all countries outside of the United States, which grant includes a sublicense of the Company's rights under an existing license agreement between the Company and Alkermes plc (Alkermes), formerly Elan Corporation, plc (Elan). Biogen Idec has responsibility for regulatory activities and future clinical development of Fampyra in ex-U.S. markets worldwide. The Company also entered into a related supply agreement with Biogen Idec (the "Supply Agreement"), pursuant to which the Company will supply Biogen Idec with its requirements for the licensed products through the Company's existing supply agreement with Alkermes.

Under the Collaboration Agreement, the Company was entitled to an upfront payment of $110.0 million as of June 30, 2009, which was received in July 2009, and a $25.0 million milestone payment upon approval of the product in the European Union, which was received in August 2011. The Company is also entitled to receive additional payments of up to $10.0 million based on the successful achievement of future regulatory milestones and up to $365.0 million based on the successful achievement of future sales milestones. Due to the uncertainty surrounding the achievement of the future regulatory and sales milestones, these payments will not be recognized as revenue unless and until they are earned. The Company is not able to reasonably predict if and when the milestones will be achieved. Under the Collaboration Agreement, Biogen Idec will be required to make double-digit tiered royalty payments to the Company on ex-U.S. sales. In addition, the consideration that Biogen Idec will pay for licensed products under the Supply Agreement will reflect the price owed to the Company's suppliers under its supply arrangements with Alkermes or other suppliers for ex-U.S. sales. The Company and Biogen Idec may also carry out future joint development activities regarding licensed product under a cost-sharing arrangement. Under the terms of the Collaboration Agreement, the Company, in part through its participation in joint committees with Biogen Idec, will participate in overseeing the development and commercialization of Ampyra and other licensed products in markets outside the United States pursuant to that agreement. Acorda will continue to develop and commercialize Ampyra independently in the United States.

As of June 30, 2009, the Company recorded a license receivable and deferred revenue of $110.0 million for the upfront payment due to the Company from Biogen Idec under the Collaboration Agreement. Also, as a result of such payment to Acorda, a payment of $7.7 million became payable by Acorda to Alkermes and was recorded as a cost of license payable and deferred expense. The payment of $110.0 million was received from Biogen Idec on July 1, 2009 and the payment of $7.7 million was made to Alkermes on July 7, 2009.

The Company considered the following deliverables with respect to the revenue recognition of the $110.0 million upfront payment: (1) the license to use the Company's technology, (2) the Collaboration Agreement to develop and commercialize licensed product in all countries outside the U.S., and (3) the Supply Agreement. Due to the inherent uncertainty in obtaining regulatory approval, the applicability of the Supply Agreement is outside the control of the Company and Biogen Idec. Accordingly, the Company has determined the Supply Agreement is a contingent deliverable at the onset of the agreement. As a result, the Company has determined the Supply Agreement does not meet the definition of a deliverable that needs to be accounted for at the inception of the arrangement. The Company has also determined that there is no significant and incremental discount related to the supply agreement since Biogen Idec will pay the same amount for inventory that the Company would pay and the Company effectively acts as a middle man in the arrangement for which it adds no significant value due to various factors such as the Company does not have any manufacturing capabilities or other know how with respect to the manufacturing process.

The Company has determined that the identified non-contingent deliverables (deliverables 1 and 2 immediately preceding) would have no value on a standalone basis if they were sold separately by a vendor and the customer could not resell the delivered items on a standalone basis, nor does the Company have objective and reliable evidence of fair value for the deliverables. Accordingly, the non-contingent deliverables are treated as one unit of accounting. As a result, the Company will recognize the non-refundable upfront payment from Biogen Idec as revenue and the associated payment to Alkermes as expense ratably over the estimated term of regulatory exclusivity for the licensed products under the Collaboration Agreement as the Company had determined this was the most probable expected benefit period. The Company recognized $2.3 million and $4.5 million in license revenue, a portion of the $110.0 million received from Biogen Idec, and $159,000 and $317,000 in cost of license revenue, a portion of the $7.7 million paid to Alkermes, during the three and six-month periods ended June 30, 2014 and 2013, respectively.

On January 21, 2011 Biogen Idec announced that the European Medicines Agency's (EMA) Committee for Medicinal Products for Human Use (CHMP) decided against approval of Fampyra to improve walking ability in adult patients with multiple sclerosis. Biogen Idec, working closely with the Company, filed a formal appeal of the decision. In May 2011, the CHMP recommended conditional marketing authorization, and in July 2011 Biogen Idec received conditional approval from the European Commission for, Fampyra (prolonged-release fampridine tablets) for the improvement of walking in adult patients with MS with walking disability (Expanded Disability Status Scale of 4-7). The Company currently estimates the recognition period to be approximately 12 years from the date of the Collaboration Agreement. As part of its ex-U.S. license agreement, Biogen Idec owes Acorda royalties based on ex-U.S. net sales, and milestones based on ex-U.S. regulatory approval, new indications, and ex-U.S. net sales. These milestones included a $25.0 million payment for approval of the product in the European Union which was recorded and paid in the three month period ended September 30, 2011. Based on Acorda's worldwide license and supply agreement with Alkermes, Alkermes received 7% of this milestone payment from Acorda during the same period. For revenue recognition purposes, the Company determined this milestone to be substantive in accordance with applicable accounting guidance related to milestone revenue. Substantive uncertainty existed at the inception of the arrangement as to whether the milestone would be achieved because of the numerous variables, such as the high rate of failure inherent in the research and development of new products and the uncertainty involved with obtaining regulatory approval. Biogen Idec leveraged Acorda's U.S. Ampyra study results that contributed to the regulatory approval process. Therefore, the milestone was achieved based in part on Acorda's past performance. The milestone was also reasonable relative to all deliverable and payment terms of the collaboration arrangement. Therefore, the payment was recognized in its entirety as revenue and the cost of the milestone revenue was recognized in its entirety as an expense during the three-month period ended September 30, 2011.

Actavis/Watson

The Company has an agreement with Watson Pharma, Inc., a subsidiary of Actavis, Inc. (formerly Watson Pharmaceuticals, Inc.), to market tizanidine hydrochloride capsules, an authorized generic version of Zanaflex Capsules which was launched in February 2012. In accordance with the Watson agreement, the Company receives a royalty based on Watson's gross margin, as defined by the agreement, of the authorized generic product. During the three-month periods ended June 30, 2014 and 2013, the Company recognized royalty revenue of $2.4 million and $2.5 million, respectively, related to the gross margin of the Zanaflex Capsule authorized generic. During the three-month periods ended June 30, 2014 and 2013, the Company also recognized revenue and a corresponding cost of sales of $1.3 million and $1.1 million, respectively, related to the purchase and sale of the related Zanaflex Capsule authorized generic product to Watson, which is recorded in net product revenues and cost of sales.

During the six-month periods ended June 30, 2014 and 2013, the Company recognized royalty revenue of $3.8 million and $5.1 million, respectively, related to the gross margin of the Zanaflex Capsule authorized generic. During the six-month periods ended June 30, 2014 and 2013, the Company also recognized revenue and a corresponding cost of sales of $2.2 million and $1.6 million, respectively, related to the purchase and sale of the related Zanaflex Capsule authorized generic product to Watson, which is recorded in net product revenues and cost of sales.

Neuronex

In December 2012, the Company acquired Neuronex, Inc., a privately-held development stage pharmaceutical company (Neuronex) developing Plumiaz (our trade name for Diazepam Nasal Spray). Plumiaz is a proprietary nasal spray formulation of diazepam that we are developing under Section 505(b)(2) of the Food, Drug and Cosmetic Act as an acute treatment for selected, refractory patients with epilepsy, on stable regimens of antiepileptic drugs, or AEDs, who experience

intermittent bouts of increased seizure activity also known as cluster seizures or acute repetitive seizures, or ARS.

Under the terms of the agreement, the Company made an upfront payment of $2.0 million in February 2012. The Company also paid $1.5 million during the twelve month period ended December 31, 2012 pursuant to a commitment under the agreement to fund research to prepare for the Plumiaz pre-NDA meeting with the FDA. In December 2012, the Company completed the acquisition by paying $6.8 million to former Neuronex shareholders less a $300,000 holdback provision. After adjustment for Neuronex's working capital upon closing of the acquisition, approximately $120,000 of the holdback amount was remaining as of December 31, 2013. This balance was paid to the former equity holders of Neuronex pursuant to the merger agreement in February 2014.

The former equity holders of Neuronex are entitled to receive from Acorda up to an additional $18 million in contingent earnout payments upon the achievement of specified regulatory and manufacturing-related milestones with respect to Diazepam Nasal Spray products, and up to $105 million upon the achievement of specified sales milestones with respect to Diazepam Nasal Spray products. The former equity holders of Neuronex will also be entitled to receive tiered royalty-like earnout payments, ranging from the upper single digits to lower double digits, on worldwide net sales of Diazepam Nasal Spray products. These payments are payable on a country-by-country basis until the earlier to occur of ten years after the first commercial sale of a product in such country and the entry of generic competition in such country as defined in the Agreement.

The patent and other intellectual property and other rights relating to Diazepam Nasal Spray products are licensed from SK Biopharmaceuticals Co., Ltd. (SK). Pursuant to the SK license, which granted worldwide rights to Neuronex, except certain specified Asian countries, the Company's subsidiary Neuronex is obligated to pay SK up to $8 million upon the achievement of specified development milestones with respect to the Diazepam Nasal Spray product (including a $1 million payment that was triggered during the three-month period ending September 30, 2013 upon the FDA's acceptance for review of the first NDA for Plumiaz and paid during the three-month period ending December 31, 2013), and up to $3 million upon the achievement of specified sales milestones with respect to the Diazepam Nasal Spray product. Also, Neuronex is obligated to pay SK a tiered, mid-single digit royalty on net sales of Diazepam Nasal Spray products.

The Company evaluated the transaction based upon the guidance of ASC 805, Business Combinations, and concluded that it only acquired inputs and did not acquire any processes. The Company needed to develop its own processes in order to produce an output. Therefore the Company accounted for the transaction as an asset acquisition and accordingly the $2.0 million upfront payment, $1.5 million in research funding and $6.8 million of closing consideration net of tangible net assets acquired of $3.7 million which were primarily the taxable amount of net operating loss carryforwards, were expensed as research and development expense during the twelve-month period ended December 31, 2012.

(10) Commitments and Contingencies

A summary of the Company's commitments and contingencies was included in the Company's Annual Report on Form 10-K for the twelve-month period ended December 31, 2013. The Company's long-term contractual obligations include commitments and estimated purchase obligations entered into in the normal course of business.

In May 2014, we exercised our option to lease an additional 25,405 square feet of office space in Ardsley, New York under our current lease agreement with our landlord. We anticipate occupying the new space during the three-month period ended December 31, 2014, subject to completion of certain improvements to the space prior to our occupancy.

In June 2014, we issued $345 million aggregate principal amount of 1.75% Convertible Senior Notes (the "Notes"), which aggregate principal amount includes the exercise of the underwriter's over-allotment option. The Notes bear interest at the rate of 1.75% per annum, payable semiannually in arrears in cash on June 15 and December 15 of each year, beginning on December 15, 2014. The Notes are due on June 15, 2021, although they can be converted into cash and shares of our common stock prior to maturity if certain conditions are met. Any conversion prior to maturity can result in repayment of the principal amount sooner than the scheduled repayment. See Note 8 – "Convertible Senior Notes".

The Company accrues for amounts related to legal matters if it is probable that a liability has been incurred and the amount is reasonably estimable. While losses, if any, are possible, the Company is not able to estimate any ranges of losses as of June 30, 2014. Litigation expenses are expensed as incurred.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our consolidated financial condition and results of operations should be read in conjunction with our unaudited consolidated financial statements and related notes included in this Quarterly Report on Form 10-Q.

Background

We are a biopharmaceutical company dedicated to the identification, development and commercialization of novel therapies that improve the lives of people with multiple sclerosis, or MS, spinal cord injury, or SCI, and other neurological disorders. We market three FDA-approved therapies, including: Ampyra (dalfampridine) Extended Release Tablets, 10 mg, a treatment to improve walking in patients with MS; Zanaflex Capsules (tizanidine hydrochloride) and Zanaflex tablets, a short-acting drug for the management of spasticity; and Qutenza (capsaicin) 8% Patch, for the management of neuropathic pain associated with postherpetic neuralgia. We have one of the leading pipelines in the industry of novel neurological therapies. We are currently developing six clinical stage therapies and one preclinical stage therapy that address a range of disorders, including post-stroke walking deficits, epilepsy, stroke, peripheral nerve damage, spinal cord injury, neuropathic pain, and heart failure.

Ampyra

General

Ampyra was approved by the FDA in January 2010 for the improvement of walking in people with MS. To our knowledge, Ampyra is the first and only product approved for this indication. Efficacy was shown in people with all four major types of MS (relapsing remitting, secondary progressive, progressive relapsing and primary progressive). Ampyra was made commercially available in the United States in March 2010. Net revenue for Ampyra was $87.4 million for the three months ended June 30, 2014 and $77.8 million for the three months ended June 30, 2013.

Since the March 2010 launch of Ampyra, more than 90,000 people with MS in the U.S. have tried Ampyra. As of December 2013, approximately 70% of all people with MS who were prescribed Ampyra received a first refill, and approximately 40% of all people with MS who were prescribed Ampyra have been dispensed at least six months of the medicine through refills, consistent with previously reported trends. These refill rates exclude patients who started Ampyra through our First Step program. First Step patients that convert to commercial drug tend to be somewhat more persistent with respect to refills over time.

Ampyra is marketed in the United States through our own specialty sales force and commercial infrastructure. We currently have approximately 90 sales representatives in the field calling on a priority target list of approximately 7,000 physicians. We also have established teams of Medical Science Liaisons, Regional Reimbursement Directors, Managed Markets Account Directors who provide information and assistance to payers and physicians on Ampyra, National Trade Account Managers who work with our limited network of specialty pharmacies, and Market Development Managers who work collaboratively with field teams and corporate personnel to assist in the execution of the Company's strategic initiatives.

Ampyra is distributed in the United States exclusively through a limited network of specialty pharmacy providers that deliver the medication to patients by mail; Kaiser Permanente, which distributes Ampyra to patients through a closed network of on-site pharmacies; and ASD Specialty Healthcare, Inc. (an AmerisourceBergen affiliate), which distributes Ampyra to the U.S. Bureau of Prisons and the U.S. Department of Veterans Affairs, or VA. All of these customers are contractually obligated to hold no more than an agreed number of days of inventory, ranging between 10 to 30 days.

We have contracted with a third party organization with extensive experience in coordinating patient benefits to run Ampyra Patient Support Services, or APSS, a dedicated resource that coordinates the prescription process among healthcare providers, people with MS, and insurance carriers. Processing of most incoming requests for prescriptions by APSS begins within 24 hours of receipt. Patients will experience a range of times to receive their first shipment based on the processing time for insurance requirements. As with any prescription product, patients who are members of benefit plans that have restrictive prior authorizations may experience delays in receiving their prescription.

Three of the largest national health plans in the U.S. – Aetna, United Healthcare and Cigna – have listed Ampyra in the lowest competitive reimbursement tier, which means that it is listed in either the lowest branded copay tier or the lowest branded specialty tier (if more than one specialty tier exists) of their commercial preferred drug list or formulary. Approximately 75% of commercially insured individuals in the U.S. continue to have no or limited prior authorizations, or PA's, for Ampyra. We define limited PAs as those that require only an MS diagnosis, documentation of no contraindications, and/or simple documentation that the patient has a walking impairment; such documentation may include a Timed 25-Foot Walk (T25W) test. The access figure is calculated based on the number of pharmacy lives reported by commercial health plans.

License and Collaboration Agreement with Biogen Idec

Ampyra is marketed as Fampyra outside the U.S. by Biogen Idec International GmbH, or Biogen Idec, under a license and collaboration agreement that we entered into in June 2009. Fampyra has been approved in a number of countries across Europe, Asia and the Americas. Biogen Idec anticipates making Fampyra commercially available in additional markets in 2014. Under our agreement with Biogen Idec, we are entitled to receive double-digit tiered royalties on sales of Fampyra and we are also entitled to receive additional payments based on achievement of certain regulatory and sales milestones. We received a $25 million milestone payment from Biogen Idec in 2011, which was triggered by Biogen Idec's receipt of conditional approval from the European Commission for Fampyra. The next expected milestone payment would be $15 million, due when ex-U.S. net sales exceed $100 million over four consecutive quarters.

Ampyra Patent Update

We have five issued patents listed in the FDA's approved Drugs Product List (Orange Book) for Ampyra, one of which issued in 2014, and Ampyra also has Orphan Drug status, which extends into January 2017. The five Orange Book-listed patents for Ampyra are as follows:

- The first is U.S. Patent No. 8,007,826, with claims relating to methods to improve walking in patients with MS by administering 10 mg of sustained release 4-aminopyridine (dalfampridine) twice daily. Based on the final patent term adjustment calculation of the United States Patent and Trademark Office, or USPTO, this patent will extend into 2027.

- The second is U.S. Patent No. 5,540,938 ("the '938 patent"), the claims of which relate to methods for treating a neurological disease, such as MS, and cover the use of a sustained release dalfampridine formulation, such as AMPYRA (dalfampridine) Extended Release Tablets, 10 mg for improving walking in people with MS. In April 2013, the '938 patent received a five year patent term extension under the patent restoration provisions of the Hatch Waxman Act. With a five year patent term extension, the '938 patent will expire in 2018. We have an exclusive license to this patent from Alkermes (originally with Elan, but transferred to Alkermes as part of its acquisition of Elan's Drug Technologies business).

- The third is U.S. Patent No. 8,354,437, which includes claims relating to methods to improve walking, increase walking speed, and treat walking disability in patients with MS by administering 10 mg of sustained release 4-aminopyridine (dalfampridine) twice daily. This patent is set to expire in 2026.

- The fourth is U.S. Patent No. 8,440,703, which includes claims directed to methods of improving lower extremity function and walking and increasing walking speed in patients with MS by administering less than 15 mg of sustained release 4-aminopyridine (dalfampridine) twice daily. This patent is set to expire in 2025.

- The fifth, which issued in March of 2014, is U.S. Patent No. 8,663,685 with claims relating to methods to improve walking in patients with MS by administering 10 mg of sustained release 4-aminopyridine (dalfampridine) twice daily. Absent patent term adjustment, the patent is set to expire in 2024.

In June 2014, we announced receipt of a Paragraph IV Certification Notice Letter advising that Actavis Laboratories FL, Inc. submitted an Abbreviated New Drug Application, or ANDA, to the FDA requesting permission to manufacture and market a generic version of Ampyra (dalfampridine) Extended Release Tablets, 10 mg. Subsequently, we received an additional seven Paragraph IV Certification Notice Letters from Accord Healthcare, Inc., Alkem Laboratories Ltd., Apotex, Inc., Aurobindo Pharma Ltd., Mylan Pharmaceuticals, Inc., Roxane Laboratories, Inc., Teva Pharmaceuticals USA, Inc., also requesting permission to manufacture and market generic versions of Ampyra Extended Release Tablets, 10 mg. The ANDA

filers have challenged the validity of our Orange Book-listed patents for Ampyra, and they have also asserted that generic versions of their products do not infringe certain claims of these patents. In response to these filings, we filed several lawsuits against all of these companies in the United States District Court for the District of Delaware alleging multiple counts of patent infringement. This litigation is further described below in Part II, Item 1 of this report. We filed these lawsuits within 45 days from the date of receipt of each of the Paragraph IV Certification Notice Letters. As a result, a 30 month statutory stay of approval period applies to each of the ANDAs under the Hatch-Waxman Act. The 30 month stay starts from January 22, 2015, which is the end of the new chemical entity (NCE) exclusivity period for Ampyra. This restricts the FDA from approving the ANDAs until July 2017 at the earliest, unless a Federal district court issues a decision adverse to all of our asserted Orange Book-listed patents prior to that date.

In 2011, the European Patent Office, or EPO, granted EP 1732548, the counterpart European patent to U.S. Patent No. 8,354,437 with claims relating to, among other things, use of a sustained release aminopyridine composition, such as dalfampridine, to increase walking speed. In March 2012, Synthon B.V. and neuraxpharm Arzneimittel GmbH filed oppositions with the EPO challenging the EP 1732548 patent. We defended the patent, and in December 2013, we announced that the EPO Opposition Division upheld amended claims in this patent covering a sustained release formulation of dalfampridine for increasing walking in patients with MS through twice daily dosing at 10 mg. Both Synthon B.V. and neuraxpharm Arzneimittel GmbH have appealed the decision. In December 2013, Synthon B.V., neuraxpharm Arzneimittel GmbH and Actavis Group PTC ehf filed oppositions with the EPO challenging our EP 2377536 patent, which is a divisional of the EP 1732548 patent. Both European patents are set to expire in 2025, absent any additional exclusivity granted based on regulatory review timelines.

Zanaflex

Zanaflex Capsules and Zanaflex tablets are FDA-approved as short-acting drugs for the management of spasticity, a symptom of many central nervous system, or CNS, disorders, including MS and SCI. These products contain tizanidine hydrochloride, one of the two leading drugs used to treat spasticity. We launched Zanaflex Capsules in April 2005 as part of our strategy to build a commercial platform for the potential market launch of Ampyra. Combined net revenue of Zanaflex Capsules and Zanaflex tablets was $0.7 million for the three months ended June 30, 2014 and $1.2 million for the three months ended June 30, 2013. In 2012, Apotex commercially launched a generic version of tizanidine hydrochloride capsules, and we also launched our own authorized generic version, which is being marketed by Watson Pharma (a subsidiary of Actavis). In March 2013, Mylan Pharmaceuticals commercially launched their own generic version of Zanaflex Capsules. The commercial launch of generic tizanidine hydrochloride capsules has caused a significant decline in net revenue from the sale of Zanaflex Capsules, and the launch of these generic versions and the potential launch of other generic versions is expected to cause the Company's net revenue from Zanaflex Capsules to decline further in 2014 and beyond.

Qutenza and NP-1998; NeurogesX Transaction

In July 2013, we acquired two neuropathic pain management assets from NeurogesX, Inc., including: Qutenza, which is approved by the FDA for the management of neuropathic pain associated with post-herpetic neuralgia, also known as post-shingles pain; and NP-1998, a Phase 3 ready, prescription strength capsaicin topical solution, being assessed for the treatment of neuropathic pain. NP-1998 was previously referred to as NGX-1998. We made a $7.5 million payment to acquire development and commercialization rights for Qutenza and NP-1998 in the United States, Canada, Latin America and certain other territories. We may also make up to $5.0 million in payments contingent upon the achievement of certain regulatory and sales milestones related to NP-1998.

Astellas Pharma Europe Ltd. has exclusive commercialization rights for Qutenza in the European Economic Area (EEA) including the 28 countries of the European Union, Iceland, Norway, and Liechtenstein as well as Switzerland, certain countries in Eastern Europe, the Middle East and Africa. Astellas also has an option to develop NP-1998 in those same territories.

Qutenza is a dermal patch containing 8% prescription strength capsaicin that can last up to three months and is approved for the management of neuropathic pain associated with post-herpetic neuralgia. The drug was approved by the FDA in 2010 and launched in April 2010 but NeurogesX discontinued active promotion of the product in March 2012. Net product revenue of Qutenza was $276,000 for the three months ended June 30, 2014. In January 2014, we re-launched Qutenza using our existing commercial organization, including our specialty neurology sales force.

NP-1998 is a topical solution containing 20% prescription strength capsaicin. We believe this liquid formulation of the capsaicin-based therapy has key advantages over the patch, and we are currently designing a plan to expedite

development of this product as both a stand-alone therapy and as an adjunct to existing systemic therapies for neuropathic pain. NP-1998 has the potential to treat multiple neuropathies. We are planning to pursue treatment of painful HIV-related neuropathy as the first indication for NP-1998, and expect to begin a Phase 3 clinical trial by the end of 2014. We are also exploring the potential for additional indications, including painful diabetic neuropathy. In 2014, we are expecting to receive data from an Astellas clinical trial to assess the use of its capsaicin (8%) cutaneous patch QUTENZA™ in the treatment of pain associated with painful diabetic neuropathy, or PDN. While the patch and NP-1998 are different products, they contain the same active ingredient, capsaicin, so the results of this Astellas trial may help inform our evaluation of a potential development plan for NP-1998 to treat painful diabetic neuropathy. Also, in February 2014, Astellas presented data from its ELEVATE study at the 14 th Asian Australasian Congress of Anesthesiologists, which compared its capsaicin (8%) cutaneous patch QUTENZA™ to an oral therapy widely used to treat various neuropathic pain conditions. This open label study compared efficacy, tolerability, and safety, and the data may be useful in connection with our development plans for NP-1998.

Research & Development Programs

We are developing what we believe is one of the industry's leading pipelines of novel neurological therapies. We are developing Plumiaz (our trade name for Diazepam Nasal Spray), a proprietary nasal spray formulation of diazepam, for the treatment of people with epilepsy who experience cluster seizures, also known as acute repetitive seizures. We are also studying dalfampridine extended release tablets to improve walking in people who suffer from post-stroke walking deficits. In addition, we have several research and development programs focused on distinct therapeutic approaches to restoring neurologic and/or cardiac function, as follows. We are developing the clinical stage compounds GGF2 for the treatment of heart failure, rHIgM22, a remyelinating monoclonal antibody, for the treatment of MS, and AC105 for acute treatment of SCI. GGF2 is also being investigated in preclinical studies as a treatment for neurological conditions such as stroke and peripheral nerve injury. Chondroitinase, an enzyme that encourages nerve plasticity in the damaged central nervous system, as in SCI, is in preclinical development. We believe these programs for restoring neurologic and/or cardiac function have the potential to be first-in-class therapies, and may be applicable across a number of CNS disorders, including stroke and traumatic brain injury, or TBI, because many of the mechanisms of tissue damage and repair are similar. Our research and development programs also include our recently acquired NP-1998 program, described above.

Plumiaz (diazepam) Nasal Spray

In December 2012, we completed the acquisition of Neuronex, Inc., a privately-held pharmaceutical company developing Plumiaz (our trade name for Diazepam Nasal Spray). Plumiaz is a proprietary nasal spray formulation of diazepam as an acute treatment for selected, refractory patients with epilepsy, on stable regimens of antiepileptic drugs, or AEDs, who experience intermittent bouts of increased seizure activity, also known as cluster seizures or acute repetitive seizures.

In November 2013, we announced that we submitted a New Drug Application, or NDA, filing for Plumiaz to the FDA. Plumiaz was filed under section 505(b)(2) of the Food Drug and Cosmetic Act, referencing data from a therapy previously approved by the FDA (DIASTAT® Rectal Gel) and providing pharmacokinetic data comparing the reference product to Plumiaz. The Company is seeking an indication for Plumiaz in people with epilepsy who experience cluster seizures. In May 2014, the FDA issued a Complete Response Letter, or CRL, for the Plumiaz NDA. We are working with the FDA to finalize the requirements for re-filing the Plumiaz NDA, and are preparing to begin the clinical work that will be necessary for re-submission. We are still planning on pursuing the 505(b)(2) pathway as described above. Once we have refiled the NDA, we expect that the FDA will respond to our submission within six months. Based on the requirements noted in the letter, we do not expect Plumiaz to receive FDA approval in 2014.

We have obtained orphan drug designation, which would confer seven years of market exclusivity from the date of approval for diazepam containing drug products for the same indication. We licensed two patent families relating to the clinical formulation for Plumiaz, including a granted U.S. patent that is set to expire in 2029. We anticipate that our current infrastructure can support sales and marketing of this product if it receives FDA approval. We believe this product has the potential to generate peak annual sales significantly higher than $100 million.

Ampyra/Dalfampridine Development Programs

We believe there may be potential for Ampyra to be applied to other indications within MS and also in other neurological conditions. For example, we have conducted a Phase 2 proof-of-concept trial of dalfampridine extended release tablets in post-stroke walking deficits. This study, which was initiated in 2012, explored the use of dalfampridine in patients

who have experienced a stroke at least six (6) months prior to enrollment and who have stabilized with chronic neurologic deficits, which may include impaired walking, motor and sensory function and manual dexterity. Over the first six months following a stroke, patients typically show some degree of spontaneous recovery of function, which may be enhanced by rehabilitation and physical therapy. This trial targeted motor impairments that remain after such recovery. In the study, treatment with dalfampridine extended release was well-tolerated and improved walking, as measured by the Timed 25-Foot Walk test (T25FW). The safety findings in this study were consistent with previous clinical trials and post-marketing experience of dalfampridine extended release tablets in MS. Findings from the trial were presented at the American Neurological Association annual meeting in October 2013, and post-hoc analyses were included in a platform presentation in February 2014 at the 2014 International Stroke Conference.

In July 2014, we announced that we expect to initiate a Phase 3 clinical trial by the end of this year studying the use of dalfampridine administered twice daily (BID) to improve walking in people who have experienced a stroke. This formulation was used in our proof of concept study for which we announced positive results last year, referred to above. We have been exploring a once-daily (QD) formulation of dalfampridine for use in the post-stroke clinical program. Based on the results of an in-vitro alcohol dose dumping study and a subsequent fed-fasted study, we have determined that the QD formulation that we had been developing with an external partner is not practical for further testing. We are working with external partners to develop a new QD formulation that could be included in future post-stroke studies . We met with the FDA in December 2013 and we are integrating FDA design recommendations into the study protocol. As part of the trial design, we are planning to conduct an interim analysis of the trial data, and depending on the outcome of that analysis we may initiate a second pivotal trial prior to the conclusion of the Phase 3 trial.

We also are continuing to evaluate possible grants for investigator-initiated studies looking for potential benefits, including in other neurological disorders.

Glial Growth Factor 2

We have completed a GGF2 Phase 1 clinical trial in heart failure patients. This was a dose-escalating trial designed to test the maximum tolerated single dose, with follow-up assessments at one, three, and six months. In March 2013, we presented three-month data from this clinical trial in a platform presentation at the American College of Cardiology (ACC) annual meeting. These data showed a dose-related improvement in ejection fraction in addition to safety findings. Dose-limiting toxicities were also identified in the highest planned dose cohort including acute liver injury meeting Hy's Law for drug induced hepatotoxicity. In October 2013, we announced that the first patient was enrolled in the second clinical trial of GGF2. This Phase 1b single-infusion trial in people with heart failure is assessing tolerability of three dose levels of GGF2, which were tested in the first trial, and also includes assessment of drug-drug interactions and several exploratory measures of efficacy. We voluntarily paused enrollment in this trial in December 2013 pending review of additional preclinical data with the FDA. In April 2014, we announced that we had completed this review and agreed with the FDA that the trial will resume recruitment. We expect to complete this trial in the second half of 2015. If we are able to establish a proof of concept for treatment of heart failure through human clinical studies, we may decide to develop the product independently or to enter into a partnership, most likely with a cardiovascular-focused company.

Remyelinating Antibodies.

We have a remyelinating antibodies program that we acquired under license from the Foundation for Medical Education and Research, or Mayo Clinic. Studies have demonstrated the ability of this family of antibodies to stimulate repair of the myelin sheath in three different animal models of MS. Some antibodies within this portfolio also stimulate the growth of neurons and may have applications beyond demyelinating disorders. First identified in mice, similar remyelinating antibodies were subsequently identified in human blood samples by Mayo Clinic. rHIgM22 is our lead recombinant human remyelinating antibody. We believe a therapy that could repair myelin sheaths has the potential to restore substantial neurological function to those affected by demyelinating conditions.

In April 2013, we initiated a Phase 1 clinical trial of rHIgM22 to assess the safety and tolerability of rHIgM22 in patients with MS. The study also includes several exploratory efficacy measures. We have completed the dose escalation portion of this trial, with no serious or limiting adverse events reported. The second portion of this trial is exploring safety, tolerability and efficacy endpoints for six months in additional patients at the two highest doses achieved in the dose escalation portion of the trial. Enrollment in the second portion of this trial is complete. We expect to complete our initial analysis of the Phase 1 clinical trial data in early 2015.

AC105

In June 2011, we entered into a License Agreement with Medtronic, Inc. and one of its affiliates, pursuant to which we acquired worldwide development and commercialization rights to certain formulations of magnesium with a polymer such as polyethylene glycol (which we refer to as AC105). Pursuant to the License Agreement, we paid Medtronic an upfront fee of $3 million and are obligated to pay up to an additional $32 million upon the achievement of specified regulatory and development milestones. If we commercialize AC105, we will also be obligated to pay a single-digit royalty on sales. We are studying AC105 as an acute treatment for patients who have suffered SCI. In September 2013, we announced that the first patient was enrolled in a Phase 2 clinical trial evaluating the safety and tolerability of AC105 in people with traumatic SCI. The study also incorporates several exploratory efficacy measures. Recruitment in this trial has been challenging due to several factors, and we are working with the trial centers to address the issues.

Chondroitinase Program

We are continuing research on the potential use of chondroitinases for the treatment of injuries to the brain and spinal cord, as well as other neurotraumatic indications. The chondroitinase program is in the research and translational development phase and has not yet entered formal preclinical development.

Convertible Senior Notes

In June 2014, we completed a public offering of $345 million aggregate principal amount of 1.75% Convertible Senior Notes due 2021 (the "Notes"), which aggregate principal amount includes the exercise of the underwriter's over-allotment option. We intend to use the net proceeds from this offering for general corporate purposes, including to fund possible acquisitions of, or investments in, complementary businesses, products and technologies. The Notes are further described below in this report under "Liquidity and Capital Resources."

Corporate Update

In May 2014, we appointed Andrew Hindman as our Chief Business Development Officer, leading our efforts to expand our pipeline through potential acquisitions and/or in-licensing of assets. In June 2014, we appointed Soon Hyouk Lee as Vice President of Business Development to support our business development efforts.

We currently lease approximately 138,000 square feet of office and laboratory space in Ardsley, N.Y. Our lease for this facility includes options to lease up to approximately 120,000 additional square feet of space in additional buildings at the same location. In May 2014, we notified the landlord that we were exercising our option to expand into an additional 25,405 square feet of office space. We anticipate occupying the additional space in the fourth quarter of 2014, subject to completion of certain improvements to the space prior to occupancy.

Outlook for 2014

Financial Guidance for 2014

We are providing the following guidance with respect to our 2014 financial performance:

- We expect 2014 net revenue from the sale of Ampyra to range from $328 million to $335 million.
- We expect Zanaflex (tizanidine hydrochloride) and ex-U.S. Fampyra (prolonged-release fampridine tablets) 2014 revenue to be approximately $25 million, which includes net sales of branded Zanaflex products, royalties from ex-U.S. Fampyra and authorized generic tizanidine hydrochloride capsules sales, and $9.1 million in amortized licensing revenue from the $110 million payment we received from Biogen Idec in 2009 for Fampyra ex-U.S. development and commercialization rights.
- Research and development (R&D) expenses in 2014 are expected to range from $60 million to $70 million, excluding share-based compensation charges and expenditures related to the potential acquisition of new products or other business development activities.
- Selling, general and administrative expenses (SG&A) in 2014 are expected to range from $180 million to $190 million, excluding share-based compensation charges and expenditures related to the potential acquisition of new

products or other business development activities.

The range of SG&A and R&D expenditures for 2014 are non-GAAP financial measures because they exclude share-based compensation charges. Non-GAAP financial measures are not an alternative for financial measures prepared in accordance with GAAP. However, we believe the presentation of these non-GAAP financial measures, when viewed in conjunction with actual GAAP results, provides investors with a more meaningful understanding of our projected operating performance because they exclude non-cash charges that are substantially dependent on changes in the market price of our common stock. We believe that non-GAAP financial measures that exclude share-based compensation charges help indicate underlying trends in our business, and are important in comparing current results with prior period results and understanding expected operating performance. Also, our management uses non-GAAP financial measures that exclude share-based compensation charges to establish budgets and operational goals, and to manage our business and to evaluate its performance.

Development Pipeline Goals

Our planned goals and key initiatives with respect to our pipeline during and beyond 2014 are as follows:

- In November 2013, we announced that we submitted an NDA filing for Plumiaz to the FDA. In May 2014, the FDA issued a Complete Response Letter, or CRL, for the Plumiaz NDA. We are working with the FDA to finalize the requirements for re-filing the Plumiaz NDA, and are preparing to begin the clinical work that will be necessary for re-submission. Once we have refiled the NDA, we expect that the FDA will respond to our submission within six months. Based on the requirements noted in the letter, we do not expect Plumiaz to receive FDA approval in 2014.

- Initiate a Phase 3 clinical trial by the end of this year studying the use of dalfampridine administered twice daily (BID) to improve walking in people who have experienced a stroke. We met with the FDA in December 2013 and we are integrating FDA design recommendations into the study protocol. As part of the trial design, we are planning to conduct an interim analysis of the trial data, and depending on the outcome of that analysis we may initiate a second pivotal trial prior to the conclusion of the Phase 3 trial.

- We are planning to pursue treatment of painful HIV-related neuropathy as the first indication for NP-1998, and expect to begin a Phase 3 clinical trial by the end of 2014.

- Continue to progress our Phase 1 clinical trial of rHIgM22, which we initiated in April 2013. We have completed the dose escalation portion of this trial, with no serious or limiting adverse events reported. The second portion of this trial is exploring safety, tolerability and efficacy endpoints for six months in additional patients at the two highest doses achieved in the dose escalation portion of the trial. Enrollment in the second portion of this trial is complete. We expect to complete our initial analysis of the Phase 1 clinical trial data in early 2015.

- Continue to progress our second clinical trial of GGF2, which we initiated in October 2013. This is a Phase 1b single-infusion trial in people with heart failure that is assessing tolerability of three dose levels of GGF2, which were tested in our first clinical trial of GGF2, and which also includes assessment of drug-drug interactions and several exploratory measures of efficacy. In October 2013, we announced that the first patient was enrolled in this clinical trial. We voluntarily paused enrollment in this trial in December 2013 pending review of additional preclinical data with the FDA. In April 2014, we announced that we had completed this review and agreed with the FDA that the trial will resume recruitment. We expect to complete this trial in the second half of 2015.

- Continue to progress our AC105 clinical trial, which is evaluating the safety and tolerability of AC105 in people with traumatic SCI, and also incorporates several exploratory efficacy measures. In September 2013, we announced that the first patient was enrolled in this clinical trial. Recruitment in this trial has been challenging due to several factors, and we are working with the trial centers to address the issues.

Results of Operations

Three-Month Period Ended June 30, 2014 Compared to June 30, 2013

Net Product Revenues

Ampyra

We recognize product sales of Ampyra following shipment of product to our network of specialty pharmacy providers, Kaiser and the specialty distributor to the VA. We recognized net revenue from the sale of Ampyra to these customers of $87.4 million as compared to $77.8 million for the three-month periods ended June 30, 2014 and 2013, respectively, an increase of $9.6 million, or 12.3%. The net revenue increase was comprised of price increases net of discount and allowance adjustments of $7.6 million and net volume increases of $2.0 million. Net revenue from sales of Ampyra increased for the three-month period ended June 30, 2014 compared to the same period of 2013 due to our price increase and greater demand we believe due to, in part, the success of certain marketing programs such as our First Step and Step Together programs. Effective January 2, 2014, we increased our sale price to our customers by 10.75%.

Discounts and allowances which are included as an offset in net revenue consist of allowances for customer credits, including estimated chargebacks, rebates, discounts and returns. Discounts and allowances are recorded following shipment of Ampyra tablets to our network of specialty pharmacy providers, Kaiser and the specialty distributor to the VA. Adjustments are recorded for estimated chargebacks, rebates, and discounts. Discounts and allowances also consist of discounts provided to Medicare beneficiaries whose prescription drug costs cause them to be subject to the Medicare Part D coverage gap (i.e., the "donut hole"). Payment of coverage gap discounts is required under the Affordable Care Act, the health care reform legislation enacted in 2010. Discounts and allowances may increase as a percentage of sales as we enter into managed care contracts in the future.

Zanaflex

We recognize product sales of Zanaflex Capsules and Zanaflex tablets using a deferred revenue recognition model where shipments to wholesalers are recorded as deferred revenue and only recognized as revenue when end-user prescriptions of the product are reported. We also recognize product sales on the transfer price of product sold for an authorized generic of Zanaflex Capsules. We recognized net revenue from the sale of Zanaflex Capsules and Zanaflex tablets of $0.7 million for the three-month period ended June 30, 2014, as compared to $1.2 million for the three-month period ended June 30, 2013. Net product revenues also include $1.3 million which represents the sale of our Zanaflex Capsules authorized generic product to Actavis for the three-month period ended June 30, 2014 as compared to $1.1 million for the three-month period ended June 30, 2013. Generic competition has caused a significant decline in sales of Zanaflex Capsules and is expected to cause the Company's net revenue from Zanaflex Capsules to decline further in 2014 and beyond. The decrease in net revenues was also the result of a disproportionate increase in discounts and allowances due to the mix of customers continuing to purchase our product. These customers receive higher levels of rebates and allowances.

Discounts and allowances, which are included as an offset in net revenue, consist of allowances for customer credits, including estimated chargebacks, rebates, and discounts. Adjustments are recorded for estimated chargebacks, rebates, and discounts.

Qutenza

We started selling Qutenza in July 2013 as a result of the NeurogesX transaction. We recognize product sales of Qutenza following shipment of product to our specialty distributors. We recognized net revenue from the sale of Qutenza to these customers of $276,000 for the three-month period ended June 30, 2014. For the foreseeable future we do not expect that sales of this product will materially contribute to our revenues.

License Revenue

We recognized $2.3 million in license revenue for the three-month periods ended June 30, 2014 and 2013, related to the $110.0 million received from Biogen Idec in 2009 as part of our collaboration agreement. We currently estimate the recognition period to be approximately 12 years from the date of the Collaboration Agreement.

Royalty Revenue

We recognized $2.8 million and $2.2 million in royalty revenue for the three-month periods ended June 30, 2014 and 2013, respectively, related to ex-U.S. sales of Fampyra by Biogen Idec.

We recognized $2.4 million and $2.5 million in royalty revenue for the three-month periods ended June 30, 2014 and 2013, respectively, related to the authorized generic sale of Zanaflex Capsules.

Cost of Sales

We recorded cost of sales of $18.9 million for the three-month period ended June 30, 2014 as compared to $16.9 million for the three-month period ended June 30, 2013. Cost of sales for the three-month period ended June 30, 2014 consisted primarily of $15.1 million in inventory costs related to recognized revenues. Cost of sales for the three-month period ended June 30, 2014 also consisted of $2.1 million in royalty fees based on net product shipments, $179,000 in amortization of intangible assets, and $165,000 in period costs related to freight, stability testing, and packaging. Cost of sales also included $1.3 million, which represents the cost of Zanaflex Capsules authorized generic product sold for the three-month period ended June 30, 2014.

Cost of sales for the three-month period ended June 30, 2013 consisted primarily of $13.7 million in inventory costs related to recognized revenues. Cost of sales for the three-month period ended June 30, 2013 also consisted of $1.9 million in royalty fees based on net product shipments, $147,000 in amortization of intangible assets, and $73,000 in period costs related to freight, stability testing, and packaging. Cost of sales also included $1.1 million, which represents the cost of Zanaflex Capsules authorized generic product sold for the three-month period ended June 30, 2013.

Cost of License Revenue

We recorded cost of license revenue of $159,000 for the three-month periods ended June 30, 2014 and 2013, respectively. Cost of license revenue represents the recognition of a portion of the deferred $7.7 million paid to Alkermes in 2009 in connection with the $110.0 million received from Biogen Idec as a result of our collaboration agreement.

Research and Development

Research and development expenses for the three-month period ended June 30, 2014 were $16.4 million as compared to $13.2 million for the three-month period ended June 30, 2013, an increase of $3.2 million, or 24%. The increase was primarily due to increases in expenses for various research and development programs, including $1.9 million related to our life cycle management program for Ampyra, $1.0 million in preclinical expenses for the remyelinating antibodies program (rHIgM22), and an increase in overall research and development staff, compensation and related expenses of $759,000 to support the various research and development initiatives. These increases were partially offset by a decrease of $515,000 related to our development of Plumiaz.

Selling, General and Administrative

Sales and marketing expenses for the three-month period ended June 30, 2014 were $29.0 million compared to $29.5 million for the three-month period ended June 30, 2013, a decrease of $504,000, or 2%. The decrease was attributable to a decrease in overall marketing, selling, and distribution expenses for Ampyra of $2.3 million as well as a decrease in market research expenses across all products of $1.2 million. These decreases were partially offset by an increase of $1.2 million for pre-launch activities associated with the possible commercialization of Plumiaz and an increase in overall compensation, benefits, and other selling expenses of $1.1 million.

General and administrative expenses for the three-month period ended June 30, 2014 were $21.7 million compared to $18.5 million for the three-month period ended June 30, 2013, an increase of $3.2 million, or 17%. This increase was primarily the result of increases for staff and compensation expenses and other expenses related to supporting the growth of the organization and an increase in legal fees.

Other Expense

Other expense was $261,000 for the three-month period ended June 30, 2014 compared to $583,000 for the three-month period ended June 30, 2013, a decrease of $322,000, or 55%. The decrease was due to a decrease in interest expense of $323,000 principally related to the PRF revenue interest agreement due to a decrease in Zanaflex sales, partially offset by an

increase in interest expense related to the new convertible senior notes issued in June 2014. We will report interest expense in future quarters of between $3.6 million and $4 million. The quarterly interest expense for each of the last two quarters of 2014 will be $3.6 million.

Provision for Income Taxes

For the three-month periods ended June 30, 2014 and 2013, the Company recorded a provision for income taxes of $6.0 million and $4.2 million, respectively, based upon its estimated tax liability for the year. The provision for income taxes is based on federal, state and Puerto Rico income taxes. The effective income tax rates for the Company for the three-month periods ended June 30, 2014 and 2013 were 56% and 52%, respectively. As a result of the Federal research and development tax credit not being extended during the first quarter of 2014, the Company was not able to receive a benefit in the effective tax rate for this in 2014.

We continue to evaluate the realizability of the Company's deferred tax assets and liabilities on a periodic basis and will adjust such amounts in light of changing facts and circumstances including, but not limited to, future projections of taxable income, tax legislation, rulings by relevant tax authorities, the progress of ongoing tax audits and the regulatory approval of products currently under development. Any changes to the valuation allowance or deferred tax assets in the future would impact the Company's income taxes.

Six-Month Period Ended June 30, 2014 Compared to June 30, 2013

Net Product Revenues

Ampyra

We recognize product sales of Ampyra following shipment of product to our network of specialty pharmacy providers, Kaiser Permanente and the specialty distributor to the VA. We recognized net revenue from the sale of Ampyra to these customers of $159.9 million as compared to $140.2 million for the six-month periods ended June 30, 2014 and 2013, respectively, an increase of $19.7 million, or 14%. The net revenue increase is comprised of price increases net of discount and allowance adjustments of $12.8 million and net volume increases of $6.9 million. Net revenue from sales of Ampyra increased for the six-month period ended June 30, 2014 compared to the same period of 2013 due to our price increase and greater demand we believe due to, in part, the success of certain marketing programs such as our First Step and Step Together programs. Effective January 2, 2014, we increased our sale price to our customers by 10.75%.

Discounts and allowances which are included as an offset in net revenue consist of allowances for customer credits, including estimated chargebacks, rebates, discounts and returns. Discounts and allowances are recorded following shipment of Ampyra tablets to our network of specialty pharmacy providers, Kaiser and the specialty distributor to the VA. Adjustments are recorded for estimated chargebacks, rebates, and discounts. Discounts and allowances also consist of discounts provided to Medicare beneficiaries whose prescription drug costs cause them to be subject to the Medicare Part D coverage gap (i.e., the "donut hole"). Payment of coverage gap discounts is required under the Affordable Care Act, the health care reform legislation enacted in 2010. Discounts and allowances may increase as a percentage of sales as we enter into managed care contracts in the future.

Zanaflex

We recognize product sales of Zanaflex Capsules and Zanaflex tablets using a deferred revenue recognition model where shipments to wholesalers are recorded as deferred revenue and only recognized as revenue when end-user prescriptions of the product are reported. We also recognize product sales on the transfer price of product sold for an authorized generic of Zanaflex Capsules. We recognized net revenue from the sale of Zanaflex Capsules and Zanaflex tablets of $1.6 million for the six-month period ended June 30, 2014, as compared to $2.5 million for the six-month period ended June 30, 2013. Net product revenues also include $2.2 million which represents the sale of our Zanaflex Capsules authorized generic product to Actavis for the six-month period ended June 30, 2014, as compared to $1.6 million for the six-month period ended June 30, 2013. Generic competition has caused a significant decline in sales of Zanaflex Capsules and is expected to cause the Company's net revenue from Zanaflex Capsules to decline further in 2014 and beyond. The decrease in net revenues was also the result of a disproportionate increase in discounts and allowances due to the mix of customers continuing to purchase our product. These customers receive higher levels of rebates and allowances.

Discounts and allowances, which are included as an offset in net revenue, consist of allowances for customer credits, including estimated chargebacks, rebates, and discounts. Adjustments are recorded for estimated chargebacks, rebates, and

discounts.

License Revenue

We recognized $4.5 million in license revenue for the six-month periods ended June 30, 2014 and 2013, related to the $110.0 million received from Biogen Idec in 2009 as part of our collaboration agreement. We currently estimate the recognition period to be approximately 12 years from the date of the Collaboration Agreement.

Royalty Revenues

We recognized $5.2 million and $5.1 million in royalty revenue for the six-month periods ended June 30, 2014 and 2013, respectively related to ex-U.S. sales of Fampyra by Biogen Idec. In 2011, the German government implemented new legislation to manage pricing related to new drug products introduced within the German market through a review of each product's comparative efficacy. Biogen Idec launched Fampyra in Germany in August 2011. During the six-month period ended June 30, 2012, the government agency completed its comparative efficacy assessment of Fampyra indicating a range of pricing below Biogen Idec's initial launch price, which was unregulated for the first 12 months after launch consistent with German law. The Company recognized royalty revenue during a portion of 2012 based on the lowest point of the initially indicated German pricing authority range. Biogen Idec signed the pricing agreement during the three-month period ended March 31, 2013 and the Company recognized additional royalty revenue related to 2012 in the first quarter of 2013.

We also recognized $3.8 million and $5.1 million in royalty revenue for the six-month periods ended June 30, 2014 and 2013, respectively, related to the authorized generic sale of Zanaflex Capsules.

Cost of Sales

We recorded cost of sales of $34.4 million for the six-month period ended June 30, 2014 as compared to $30.4 million for the six-month period ended June 30, 2013. Cost of sales for the six-month period ended June 30, 2014 consisted primarily of $27.8 million in inventory costs related to recognized revenues. Cost of sales for the six-month period ended June 30, 2014 also consisted of $3.8 million in royalty fees based on net product shipments, $358,000 in amortization of intangible assets, and $252,000 in period costs related to freight, stability testing, and packaging. Cost of sales also included $2.2 million, which represents the cost of Zanaflex Capsules authorized generic product sold for the six-month period ended June 30, 2014.

Cost of sales for the six-month period ended June 30, 2013 consisted primarily of $24.8 million in inventory costs related to recognized revenues. Cost of sales for the six-month period ended June 30, 2013 also consisted of $3.6 million in royalty fees based on net product shipments, $294,000 in amortization of intangible assets, and $136,000 in period costs related to freight, stability testing, and packaging. Cost of sales also included $1.6 million, which represents the cost of Zanaflex Capsules authorized generic product sold for the six-month period ended June 30, 2013.

Cost of License Revenue

We recorded cost of license revenue of $317,000 for the six-month periods ended June 30, 2014 and 2013, respectively. Cost of license revenue represents the recognition of a portion of the deferred $7.7 million paid to Alkermes plc (Alkermes), formerly Elan Corporation, plc (Elan) in 2009 in connection with the $110.0 million received from Biogen Idec as a result of our collaboration agreement.

Research and Development

Research and development expenses for the six-month period ended June 30, 2014 were $31.0 million as compared to $25.7 million for the six-month period ended June 30, 2013, an increase of approximately $5.3 million, or 21%. The increase was primarily due to increases in expenses for various research and development programs, including $1.9 million in preclinical expenses for the remyelinating antibodies program (rHIgM22), $1.2 million related to our life cycle management program for Ampyra, and $523,000 related to our development of Plumiaz. The increase was also due to an increase in overall research and development staff, compensation and related expenses of $1.7 million to support the various research and development initiatives.

Selling, General and Administrative

Sales and marketing expenses for the six-month period ended June 30, 2014 were $55.6 million compared to $58.9 million for the six-month period ended June 30, 2013, a decrease of $3.3 million, or 6%. The decrease was attributable to a decrease in overall marketing, selling, and distribution expenses for Ampyra of $5.4 million as well as a decrease in market research expenses across all products of $1.1 million. These decreases were partially offset by an increase of $2.2 million for pre-launch activities associated with the possible commercialization of Plumiaz and an increase in overall compensation, benefits, and other selling expenses of $1.1 million.

General and administrative expenses for the six-month period ended June 30, 2014 were $41.9 million compared to $37.2 million for the six-month period ended June 30, 2013, an increase of $4.7 million, or 13%. This increase was the result of increases for staff and compensation expenses and other expenses related to supporting the growth of the organization, an increase in legal fees and an increase for an FDA post-approval commitment study on Zanaflex Capsules totaling $6.4 million. The increases in general and administrative expenses for the six-month period ended June 30, 2014 were partially offset by a decrease in drug safety and surveillance expenses of $1.6 million, and a decrease in business development expenses of $1.1 million due to the NeurogesX acquisition completed in 2013.

Other Expense

Other expense was $181,000 for the six-month period ended June 30, 2014 compared to $1.0 million for the six-month period ended June 30, 2013, a decrease of approximately $819,000, or 82%. The decrease was due to a decrease in interest expense of $821,000, principally related to the PRF revenue interest agreement due to a decrease in Zanaflex sales. The decrease was partially offset by an increase in interest expense related to the new convertible senior notes issued in June 2014. We will report interest expense in future quarters of between $3.6 million and $4 million. The quarterly interest expense for each of the last two quarters of 2014 will be $3.6 million.

Provision for Income Taxes

For the six-month periods ended June 30, 2014 and 2013, we recorded a provision for income taxes of $8.8 million and a $2.5 million, respectively, based upon our estimated tax liability for the year. The provision for income taxes is based on federal, state and Puerto Rico income taxes. The effective income tax rates for the six-month periods ended June 30, 2014 and 2013 were 62% and 47%, respectively. As a result of the Federal research and development tax credit not being extended during the first two quarters of 2014, the Company was not able to receive a benefit in the effective tax rate for this in 2014.

We continue to evaluate the realizability of the Company’s deferred tax assets and liabilities on a periodic basis and will adjust such amounts in light of changing facts and circumstances including, but not limited to, future projections of taxable income, tax legislation, rulings by relevant tax authorities, the progress of ongoing tax audits and the regulatory approval of products currently under development. Any changes to the valuation allowance or deferred tax assets in the future would impact the Company's income taxes.

Liquidity and Capital Resources

Since our inception, we have financed our operations primarily through private placements and public offerings of our common stock and preferred stock, a convertible debt offering, payments received under our collaboration and licensing agreements, sales of Ampyra and Zanaflex Capsules, and, to a lesser extent, from loans, government grants and our financing arrangement with PRF.

We were cash flow positive in 2013 and, at June 30, 2014, we had $727.7 million of cash, cash equivalents and short-term and long-term investments, compared to $367.2 million at December 31, 2013. Any investments classified as long-term had maturity dates of no later than October 15, 2015. We believe that we have sufficient cash, cash equivalents, short-term and long-term investments on hand, in addition to cash expected to be generated from operations, to fund our 2014 business plan, including our currently anticipated development pipeline activities in 2014.

Our future capital requirements will depend on a number of factors, including the amount of revenue generated from sales of Ampyra, the continued progress of our research and development activities, the amount and timing of milestone or other payments payable under collaboration, license and acquisition agreements, the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patent claims and other intellectual property rights, and capital required or used for future acquisitions or to in-license new products as well as the development costs relating to those products or

compounds. To the extent our capital resources are insufficient to meet future operating requirements we will need to raise additional capital, reduce planned expenditures, or incur indebtedness to fund our operations. If we require additional financing in the future, we cannot assure you that it will be available to us on favorable terms, or at all.

Financing Arrangements

Saints Capital Notes

In January 1997, Elan International Services, Ltd. (EIS) loaned us an aggregate of $7.5 million pursuant to two convertible promissory notes to partly fund our research and development activities. On December 23, 2005, Elan transferred these promissory notes to funds affiliated with Saints Capital. As of June 30, 2014, $3.3 million of these promissory notes was outstanding, which amount includes accrued interest. The fourth of seven annual payments on this note was due and paid on the four year anniversary of Ampyra approval on January 22, 2014 and will continue to be paid annually until paid in full.

PRF

On December 23, 2005, we entered into a revenue interest assignment agreement with PRF, a dedicated healthcare investment fund, pursuant to which we assigned to PRF the right to a portion of our net revenues (as defined in the agreement) from Zanaflex Capsules, Zanaflex tablets and any future Zanaflex products including the authorized generic version of Zanaflex Capsules being sold by Watson effective in February 2012. To secure our obligations to PRF, we also granted PRF a security interest in substantially all of our assets related to Zanaflex. Our agreement with PRF covers all Zanaflex net revenues generated from October 1, 2005 through and including December 31, 2015, including the authorized generic version of Zanaflex Capsules revenue, unless the agreement terminates earlier. In November 2006, we entered into an amendment to the revenue interest assignment agreement with PRF. Under the terms of the amendment, PRF paid us $5.0 million in November 2006. An additional $5.0 million was due to us if net revenues during the fiscal year 2006 equaled or exceeded $25.0 million. This milestone was met and the receivable was reflected in our December 31, 2006 financial statements. Under the terms of the amendment, we repaid PRF $5.0 million on December 1, 2009 and an additional $5.0 million on December 1, 2010 since the net revenues milestone was met.

Under the agreement and the amendment, 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 agreement that are at least 2.1 times the aggregate amount PRF has paid us under the agreement, PRF will only be entitled to 1% of Zanaflex net revenues. In connection with the transaction, we recorded a liability as of June 30, 2014, referred to as the revenue interest liability, of approximately $483,000. We impute interest expense associated with this liability using the effective interest rate method and 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. We currently estimate that the imputed interest rate associated with this liability will be approximately 5.7%. 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.

Upon the occurrence of certain events, including if we experience a change of control, undergo certain bankruptcy events, transfer any of our interests in Zanaflex (other than pursuant to a license agreement, development, commercialization, co-promotion, collaboration, partnering or similar agreement), transfer all or substantially all of our assets, or breach certain of the covenants, representations or warranties we make under the agreement, PRF may (i) require us to repurchase the rights we sold them at the “put/call price” in effect on the date such right is exercised or (ii) foreclose on the Zanaflex assets that secure our obligations to PRF. Except in the case of certain bankruptcy events, if PRF exercises its right, which we refer to as PRF’s put option, to cause us to repurchase the rights we assigned to it, PRF may not foreclose unless we fail to pay the put/call price as required. If we experience a change of control we have the right, which we refer to as our call option, to

repurchase the rights we sold to PRF at the "put/call price" in effect on the date such right is exercised. The put/call price on a given date is the greater of (i) all payments made by PRF to us as of such date, less all payments received by PRF from us 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 to us as of such date, taking into account the amount and timing of all payments received by PRF from us as of such date. We have determined that PRF's put option and our call option meet the criteria to be considered an embedded derivative and should be accounted for as such. Therefore, we recorded a net liability of $167,000 as of June 30, 2014 related to the put/call option to reflect its current estimated fair value. This liability is revalued on an as needed basis to reflect any changes in the fair value and any gain or loss resulting from the revaluation is recorded in earnings.

During any period during which PRF has the right to receive 15% of Zanaflex net revenues (as defined in the agreement), then 8% of the first $30.0 million in payments from Zanaflex sales we receive from wholesalers will be distributed to PRF on a daily basis. Following the end of each fiscal quarter, if the aggregate amount actually received by PRF during such quarter exceeds the amount of net revenues PRF was entitled to receive, PRF will remit such excess to us. If the amount of net revenues PRF was entitled to receive during such quarter exceeds the aggregate amount actually received by PRF during such quarter, we will remit such excess to PRF.

On August 3, 2012, we received a letter from PRF alleging that we breached specified covenants and representations in the PRF agreement and purporting to exercise the put option. The letter also includes an allegation that PRF has suffered injuries beyond what is covered by their purported exercise of the put option, although it does not specify or quantify those injuries. We believe that the allegations are without merit and that the put option has not been validly exercised. Although the letter from PRF does not include a purported calculation of the put option price, if it were validly exercised, we estimate that the incremental cost to the Company in excess of amounts already accrued to PRF at June 30, 2014 would be no more than approximately $1.7 million.

Convertible Senior Notes

On June 17, 2014, the Company entered into an underwriting agreement (the "Underwriting Agreement") with J.P. Morgan Securities LLC (the "Underwriter") relating to the issuance by the Company of $345 million aggregate principal amount of 1.75% Convertible Senior Notes due 2021 (the "Notes") in an underwritten public offering pursuant to the Company's Registration Statement on Form S-3 (File No. 333-196803) (the "Registration Statement") and a related preliminary and final prospectus supplement, filed with the Securities and Exchange Commission (the "Offering"). The principal amount of Notes includes $45 million aggregate principal amount of Notes that was purchased by the Underwriter pursuant to an option granted to the Underwriter in the Underwriting Agreement, which option was exercised in full. The net proceeds from the offering, after deducting the Underwriter's discount and the estimated offering expenses payable by the Company, were approximately $337.6 million.

The Notes are governed by the terms of an indenture, dated as of June 23, 2014 (the "Base Indenture") and the first supplemental indenture, dated as of June 23, 2014 (the "Supplemental Indenture," and together with the Base Indenture, the Indenture), each between the Company and Wilmington Trust, National Association, as trustee (the "Trustee"). The Notes will be convertible into cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock, at the Company's election, based on an initial conversion rate, subject to adjustment, of 23.4968 shares per $1,000 principal amount of Notes (which represents an initial conversion price of approximately $42.56 per share), only in the following circumstances and to the following extent: (1) during the five business day period after any five consecutive trading day period (the "measurement period") in which the trading price per $1,000 principal amount of Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate on each such trading day; (2) during any calendar quarter commencing after the calendar quarter ending on September 30, 2014 (and only during such calendar quarter), if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (3) if the Company calls any or all of the Notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date; (4) upon the occurrence of specified events described in the Indenture; and (5) at any time on or after December 15, 2020 through the second scheduled trading day immediately preceding the maturity date.

The Company may not redeem the Notes prior to June 20, 2017. The Company may redeem for cash all or part of the Notes, at the Company's option, on or after June 20, 2017 if the last reported sale price of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending within five trading days prior to the date on which the Company provides notice of redemption at a redemption price equal to 100% of the principal amount

of the Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date.

The Company will pay 1.75% interest per annum on the principal amount of the Notes, payable semiannually in arrears in cash on June 15 and December 15 of each year, beginning on December 15, 2014. The Notes will mature on June 15, 2021.

If the Company undergoes a "fundamental change" (as defined in the Indenture), subject to certain conditions, holders may require the Company to repurchase for cash all or part of their Notes in principal amounts of $1,000 or an integral multiple thereof. The fundamental change repurchase price will be equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date. If a make-whole fundamental change, as described in the Indenture, occurs and a holder elects to convert its Notes in connection with such make-whole fundamental change, such holder may be entitled to an increase in the conversion rate as described in the Indenture.

The Indenture contains customary terms and covenants and events of default. If an event of default (other than certain events of bankruptcy, insolvency or reorganization involving the Company) occurs and is continuing, the Trustee by notice to the Company, or the holders of at least 25% in principal amount of the outstanding Notes by notice to the Company and the Trustee, may declare 100% of the principal of and accrued and unpaid interest, if any, on all the Notes to be due and payable. Upon such a declaration of acceleration, such principal and accrued and unpaid interest, if any, will be due and payable immediately. Upon the occurrence of certain events of bankruptcy, insolvency or reorganization involving the Company, 100% of the principal of and accrued and unpaid interest, if any, on all of the Notes will become due and payable automatically. Notwithstanding the foregoing, the Indenture provides that, to the extent the Company elects and for up to 270 days, the sole remedy for an event of default relating to certain failures by the Company to comply with certain reporting covenants in the Indenture consists exclusively of the right to receive additional interest on the Notes.

The Notes will be senior unsecured obligations and will rank equally with all of the Company's existing and future senior debt and senior to any of the Company's subordinated debt. The Notes will be structurally subordinated to all existing or future indebtedness and other liabilities (including trade payables) of the Company's subsidiaries and will be effectively subordinated to the Company's existing or future secured indebtedness to the extent of the value of the collateral. The Indenture does not limit the amount of debt that the Company or its subsidiaries may incur.

In accounting for the issuance of the Notes, the Company separated the Notes into liability and equity components. The carrying amount of the liability component was calculated by measuring the fair value of a similar liability that does not have an associated convertible feature. The carrying amount of the equity component representing the conversion option was determined by deducting the fair value of the liability component from the par value of the Notes as a whole. The excess of the principal amount of the liability component over its carrying amount, referred to as the debt discount, is amortized to interest expense over the seven-year term of the Notes using the effective interest method. The equity component is not re-measured as long as it continues to meet the conditions for equity classification.

Our outstanding note balances as of June 30, 2014 consisted of the following:

(In thousands)	June 30, 2014
Liability component:	
Principal	$ 345,000
Less: debt discount, net	(61,052)
Net carrying amount	$ 283,948
Equity component	$ 61,195

Investment Activities

At June 30, 2014, cash, cash equivalents, short-term and long-term investments were approximately $727.7 million, as compared to $367.2 million at December 31, 2013. Our cash and cash equivalents consist of highly liquid investments with original maturities of three months or less at date of purchase and consist of time deposits and investments in a Treasury money market fund and US Treasury bonds. Also, we maintain cash balances with financial institutions in excess of insured limits. We do not anticipate any losses with respect to such cash balances. As of June 30, 2014, our cash and cash equivalents were $274.6 million, as compared to $48.0 million as of December 31, 2013. The increase in cash and cash equivalents is primarily due to cash received from issuance of the convertible senior notes in June 2014. Our short-term investments consist of US Treasury bonds with original maturities greater than three months and less than one year. The balance of these

investments was $331.3 million as of June 30, 2014, as compared to $225.9 million as of December 31, 2013. The increase in short-term investments is also attributable to cash received from issuance of the convertible senior notes which was subsequently invested. Our long-term investments consist of US Treasury bonds with original maturities greater than one year. The balance of these investments was $121.9 million as of June 30, 2014, as compared to $93.3 million as of December 31, 2013.

Net Cash Provided by Operations

Net cash provided by operations was $23.0 million for the six-month period ending June 30, 2014, as compared to $653,000 for the six-month period ended June 30, 2013. Cash provided by operations for the six-month period ended June 30, 2014 was primarily due to a non-cash share-based compensation expense of $13.4 million, a deferred tax provision of $8.9 million, net income of $5.4 million principally resulting from an increase in net product revenues, depreciation and amortization of $3.6 million, and amortization of net premiums and discounts on investments of $1.5 million. Cash provided by operations was partially offset by a net decrease in working capital items of $5.7 million attributable to an increase in inventory held by the company and a decrease in Zanaflex deferred product revenue due to product returns, as well as a decrease of $4.5 million in the non-current portion of deferred license revenue.

Cash provided by operations for the six-month period ended June 30, 2013 was primarily due to a decrease in working capital items of $15.4 million attributable to an increase in inventory held by the company and payment of accrued and prepaid items partially offset by a decrease in accounts receivable. Cash provided by operations was also attributable to a decrease in non-current portion of deferred license revenue of $4.5 million. Cash provided by operations was partially offset by non-cash share-based compensation expense of $11.5 million, depreciation and amortization of $2.9 million, net income of $2.8 million, a deferred tax provision of $2.3 million, and amortization of net premiums and discounts on investments of $1.2 million.

Net Cash Used in Investing

Net cash used in investing activities for the six-month period ended June 30, 2014 was $138.0 million, primarily due to $263.8 million in purchases of investments, purchases of property and equipment of $1.4 million, and purchases of intangible assets of $1.3 million, partially offset by $128.5 million in proceeds from maturities and sales of investments.

Net Cash Provided by Financing

Net cash provided by financing activities for the six-month period ended June 30, 2014 was $341.6 million, due to $337.6 million in net proceeds from the issuance of the convertible senior notes as well as $4.4 million in net proceeds from the issuance of common stock and exercise of stock options, partially offset by $360,000 in repayments to PRF.

Contractual Obligations and Commitments

A summary of our minimum contractual obligations related to our major outstanding contractual commitments is included in our Annual Report on Form 10-K for the year ended December 31, 2013. Our long-term contractual obligations include commitments and estimated purchase obligations entered into in the normal course of business. Under certain supply agreements and other agreements with manufacturers and suppliers, we are required to make payments for the manufacture and supply of our clinical and approved products. During the six-month period ended June 30, 2014, commitments related to the purchase of inventory increased as compared to December 31, 2013. As of June 30, 2014, we have inventory-related purchase commitments totaling approximately $24.7 million.

In May 2014, we exercised our option to lease an additional 25,405 square feet of office space in Ardsley, New York under our current lease agreement with our landlord. We anticipate that our rent obligation for this expansion space will commence in 2015, subject to completion of certain improvements by the landlord. This increased rent will increase our total payments due under operating leases by $2.5 million in total over the 5-year periods disclosed in the contractual obligations and commitments table in our Annual Report on Form 10-K for the year ended December 31, 2013.

In June 2014, we issued $345 million aggregate principal amount of 1.75% Convertible Senior Notes (the “Notes”), which aggregate principal amount includes the exercise of the underwriter’s over-allotment option. The Notes bear interest at the rate of 1.75% per annum, payable semiannually in arrears in cash on June 15 and December 15 of each year, beginning on December 15, 2014. The Notes are due on June 15, 2021, although they can be converted into cash and shares of our common stock prior to maturity if certain conditions are met. If we undergo a “fundamental change” (as defined in the

Indenture for the Notes), subject to certain conditions, Notes holders may require us to repurchase, for cash, all or part of their Notes. See Note 8 in our financial statements – "Convertible Senior Notes".. Under certain agreements, we are required to pay royalties for the use of technologies and products in our R&D activities and in the commercialization of products. The amount and timing of any of the foregoing payments are not known due to the uncertainty surrounding the successful research, development and commercialization of the products.

Under certain agreements, we are also required to pay license fees and milestones for the use of technologies and products in our R&D activities and in the commercialization of products. As of June 30, 2014, we have committed to make potential future milestone payments to third parties of up to approximately $206 million as part of our various collaborations, including licensing and development programs. Payments under these agreements generally become due and payable only upon achievement of certain developmental, regulatory or commercial milestones. Because the achievement of these milestones had not occurred as of June 30, 2014, such contingencies have not been recorded in our financial statements. Amounts related to contingent milestone payments are not considered contractual obligations as they are contingent on the successful achievement of certain development, regulatory and commercial milestones. There is uncertainty regarding the various activities and outcomes needed to reach these milestones, and they may not be achieved.

Critical Accounting Policies and Estimates

Our critical accounting policies are detailed in our Annual Report on Form 10-K for the year ended December 31, 2013. As of June 30, 2014, our critical accounting policies have not changed materially from December 31, 2013.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our financial instruments consist of cash equivalents, short-term and long-term investments, grants receivable, convertible notes payable, accounts payable, and put/call liability. The estimated fair values of all of our financial instruments approximate their carrying amounts at June 30, 2014.

We have cash equivalents, short-term and long-term investments at June 30, 2014, which are exposed to the impact of interest rate changes and our interest income fluctuates as our interest rates change. Due to the nature of our investments in money market funds and US Treasury bonds, the carrying value of our cash equivalents and short-term and long-term investments approximate their fair value at June 30, 2014. Our investments designated as long-term as of June 30, 2014 had maturity dates no later than October 15, 2015. At June 30, 2014, we held $727.7 million in cash, cash equivalents, short-term and long-term investments which had an average interest rate of approximately 0.2%.

We maintain an investment portfolio in accordance with our investment policy. The primary objectives of our investment policy are to preserve principal, maintain proper liquidity and to meet operating needs. Although our investments are subject to credit risk, our investment policy specifies credit quality standards for our investments and limits the amount of credit exposure from any single issue, issuer or type of investment. Our investments are also subject to interest rate risk and will decrease in value if market interest rates increase. However, due to the conservative nature of our investments and relatively short duration, interest rate risk is mitigated. We do not own derivative financial instruments. Accordingly, we do not believe that there is any material market risk exposure with respect to derivative or other financial instruments.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures

As required by Rule 13a-15 under the Securities Exchange Act of 1934 (the "Exchange Act") we carried out an evaluation of the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the second quarter of 2014, the period covered by this report. This evaluation was carried out under the supervision and with the participation of our management, including our chief executive officer and our chief financial officer. Based on that evaluation, these officers have concluded that, as of June 30, 2014, our disclosure controls and procedures were effective to achieve their stated purpose.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules, regulations, and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our

reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding disclosure.

Change in internal control over financial reporting

In connection with the evaluation required by Exchange Act Rule 13a-15(d), our management, including our chief executive officer and chief financial officer, concluded that there were no changes in our internal control over financial reporting during the quarter ended June 30, 2014, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the effectiveness of controls

Our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of our disclosure control system are met. Because of inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

In August 2007, we received a Paragraph IV Certification Notice from Apotex Inc., advising that it had submitted an Abbreviated New Drug Application, or ANDA, to the FDA seeking marketing approval for generic versions of Zanaflex Capsules. In response to the filing of the ANDA, in October 2007, we filed a lawsuit against Apotex in the U.S. District Court for the District of New Jersey asserting infringement of our U.S. Patent No. 6,455,557. In September 2011, the Court ruled against us and, following our appeal, in June 2012 the U.S. Court of Appeals for the Federal Circuit affirmed the decision. We did not seek any further appeal of the decision. On September 6, 2011, we filed a citizen petition with the FDA requesting that the FDA not approve Apotex's ANDA because of public-safety concerns about Apotex's proposed drug. On December 2, 2011, Apotex filed suit against us in the U.S. District Court for the Southern District of New York. In that suit, Apotex alleged, among other claims, that we engaged in anticompetitive behavior and false advertising in connection with the development and marketing of Zanaflex Capsules, including that the citizen petition we filed with the FDA delayed FDA approval of Apotex's generic tizanidine capsules. On January 26, 2012, we moved to dismiss or stay Apotex's suit. On February 3, 2012, the FDA denied the citizen petition that we filed and approved Apotex's ANDA for a generic version of Zanaflex Capsules. On February 21, 2012, Apotex filed an amended complaint that incorporated the FDA action, but otherwise made allegations similar to the original complaint. Requested judicial remedies include monetary damages, disgorgement of profits, recovery of litigation costs, and injunctive relief. Following our filing of a motion to dismiss the amended complaint, in 2013 the Court dismissed five of the six counts in the amended complaint, including all of the antitrust claims, leaving only a claim under the Lanham Act relating to alleged product promotional activities. The case is now proceeding, and the Company will defend itself vigorously in the litigation.

In June and July of 2014, we received eight separate Paragraph IV Certification Notices from Accord Healthcare, Inc., Actavis FL, Inc., Alkem Laboratories Ltd., Apotex, Inc., Aurobindo Pharma Ltd., Mylan Pharmaceuticals, Inc., Roxane Laboratories, Inc., and Teva Pharmaceuticals USA, Inc., advising that each of these companies had submitted an ANDA to the FDA seeking marketing approval for generic versions of Ampyra (dalfampridine) Extended Release Tablets, 10 mg. The ANDA filers have challenged the validity of our Orange Book-listed patents for Ampyra, and they have also asserted that generic versions of their products do not infringe certain claims of these patents. In response to the filing of these ANDAs, in July 2014, we filed several lawsuits against these generic pharmaceutical manufacturing companies in the U.S. District Court for the District of Delaware asserting infringement of our U.S. Patent Nos. 5,540,938, 8,007,826, 8,354,437, 8,440,703, and 8,663,685. Requested judicial remedies include recovery of litigation costs and injunctive relief, including a request that the effective date of any FDA approval for these generic companies to make, use, offer for sale, sell, market, distribute, or import the proposed generic products be no earlier than the dates on which the Ampyra Orange-book listed patents expire, or any later expiration of exclusivity to which we are or become entitled.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the risk factors discussed in Part I, Item 1A Risk Factors, in our Annual Report on Form 10-K for the year ended December 31, 2013, all of which could materially affect our business, financial condition or future results. These risks are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results. Following is the restated text of certain risk factors, and additional risk factors, to report changes that have occurred since our publication of risk factors in our 2013 Annual Report on Form 10-K.

The pharmaceutical industry is subject to stringent regulation and failure to obtain regulatory approval will prevent commercialization of our product candidates and, if we do not comply with FDA regulations if we obtain regulatory approval, approved products could be withdrawn from the market.

Our research, development, preclinical and clinical trial activities, as well as the manufacture and marketing of any products that we may successfully develop, are subject to an extensive regulatory approval process by the FDA and other regulatory agencies abroad. The process of obtaining required regulatory approvals for drugs is lengthy, expensive and uncertain. Any regulatory approvals may contain limitations on the indicated usage of a drug or distribution restrictions, or may be conditioned on burdensome post-approval study or other requirements, including the requirement that we institute and follow a special risk management plan to monitor and manage potential safety issues, all of which may eliminate or reduce the drug's market potential. Additional adverse events that could impact commercial success, or even continued regulatory approval, might emerge with more extensive post-approval patient use. Post-market evaluation of a product could

result in marketing restrictions or withdrawal from the market. In order to conduct clinical trials to obtain FDA approval to commercialize any product candidate, an investigational new drug, or IND, application must first be submitted to the FDA and must become effective before clinical trials may begin. Subsequently, if the product candidate is regulated as a drug, a new drug application, or NDA, must be submitted to the FDA and approved before commercial marketing may begin. The NDA must include the results of adequate and well-controlled clinical trials demonstrating, among other things, that the product candidate is safe and effective for use in humans for each target indication. If the product candidate, such as an antibody, is regulated as a biologic, a biologic application, or BLA, must be submitted and approved before commercial marketing may begin. Of the large number of drugs in development, only a small percentage result in the submission of an NDA or BLA to the FDA, and even fewer are approved for commercialization. In addition, the manufacturing facilities used to produce the products must comply with current good manufacturing practices, or cGMPs, and must pass a pre-approval FDA inspection. Extensive submissions of preclinical and clinical trial data are required to demonstrate the safety, efficacy, potency and purity for each intended use. The FDA may refuse to accept our regulatory submissions for filing if they are incomplete.

Clinical trials are subject to oversight by institutional review boards, data safety monitoring boards, and the FDA to ensure compliance with the FDA's good clinical practice requirements, as well as other requirements for the protection of clinical trial participants. We depend, in part, on third-party laboratories and medical institutions to conduct preclinical studies and clinical trials for our products and other third-party organizations to perform data collection and analysis, all of which must maintain both good laboratory and good clinical practices required by regulators. If any of those standards are not complied with in a clinical trial, the resulting data from the clinical trial may not be usable or we, an institutional review board or the FDA may suspend or terminate a trial, which would severely delay our development and possibly end the development of the product candidate.

In addition, we are subject to regulation under other state and federal laws, including requirements regarding occupational safety, laboratory practices, environmental protection and hazardous substance control, and we may be subject to other local, state, federal and foreign regulations. We cannot predict the impact of those regulations on us, although they could impose significant restrictions on our business and we may have to incur additional expenses to comply with them.

We also are subject to periodic unannounced inspections by the FDA and other regulatory bodies related to other regulatory requirements that apply to drugs manufactured or distributed by us. If we receive a notice of inspectional observations or deficiencies from the FDA, we may be required to undertake corrective and preventive actions in order to address the FDA's concerns, which could be expensive and time-consuming to complete and could impose additional burdens and expenses. Failure to adequately address the FDA’s concerns could expose us to enforcement and administrative actions.

For example, the FDA conducted two inspections beginning in July 2011. The first inspection focused on our risk evaluation and mitigation strategy, or REMS (which we are no longer subject to), and the second inspection focused on our adverse event reporting system. The REMS inspection resulted in verbal comments pertaining to formalization of procedures and enhanced quality assurance responsibilities. The adverse event reporting inspection resulted in a September 2011 FDA Form 483 focused primarily on timeliness of reporting, formalization and enhancement of certain procedures and processes, communication of Ampyra post-marketing commitments, and Acorda access to source documentation. Acorda provided the FDA with formal responses to the inspectional observations as well as to the verbal comments and commenced the process of implementing specific actions to address the FDA’s concerns and enhance our overall pharmacovigilance process. However, in May 2012 the FDA issued a written warning letter based on some of the issues identified in the 2011 inspections. The FDA warning letter identified some of the FDA’s observations as repeat observations from prior FDA inspections. We responded to the warning letter, advising the FDA of the corrective actions we are taking to address all of the matters covered in the warning letter.

The FDA also conducted two inspections in December 2012 through January 2013. The first inspection focused on Ampyra REMS adherence and resulted in the issuance of an FDA Form 483 with one written observation and six verbal comments. The written observation described a lack of timely distribution of REMS required letters to prescribers and pharmacists. The verbal comments pertained to verification and document control processes for REMS required letters, process control for creation and distribution of these letters and the medication guide, and the timing of prescriber surveys in relation to mailing of letters to the prescribers. The second inspection focused on adverse event reporting and was a follow-up to our responses to the 2011 FDA Form 483 and warning letter. This inspection resulted in an FDA Form 483 with six written observations and three verbal comments. The written observations noted late adverse event reporting, one late quarterly Periodic Adverse Experience Report, or PADER, and one late field alert. The FDA also noted that certain solicited adverse events were not reported in our PADERS and there was a lack of consistent adherence to procedures for timely case follow-up and investigations. The verbal comments covered the completeness and timeliness of investigations as well as need

for further clarification of an existing procedure. We have responded to the Form 483s and oral comments, and have taken the necessary corrective actions. Most recently, the FDA conducted a routine inspection in December 2013. This inspection focused on Quality Unit procedures, especially those related to handling of product complaints and field alerts as well as on adverse event reporting. An FDA Form 483 was issued with two findings. The first Form 483 finding pertained to late adverse event reporting and the second finding pertained to lack of sufficient investigation of Ampyra "lack of effect" complaint trends. We have responded to the Form 483, and intend to take or have taken necessary corrective actions. We continue to monitor and enhance our adverse event and product complaint reporting systems to ensure continued adherence to regulatory requirements. However, the FDA may decide that our responses and corrective actions are not adequate, or may conclude that we have not demonstrated adequate control over our current processes, and could take action against us, without further notice. Action by the FDA against us could require us to take further corrective actions or even that we stop marketing Ampyra and/or result in monetary fines, and any of such actions by the FDA could harm our business.

In addition, our third-party suppliers' drug product manufacturing sites are subject to inspection by the FDA. Some of these sites have been inspected by the FDA and could be inspected by the FDA in the future. If the FDA inspects the process validation efforts and manufacturing process at these sites, the FDA might find what it considers to be deficiencies in the manufacturing process or process validation efforts, which could negatively impact the availability of product supply or, in the case of a potential new product, delay or prevent commercial launch of that product . For example, although we have not yet contracted with the manufacturer of Plumiaz, we have named a potential manufacturer in the NDA that has limited experience with FDA inspections and no prior experience with commercial manufacturing. Although this manufacturer has undergone an FDA pre-approval inspection and no FDA 483 was issued, the FDA has not inspected the commercial manufacturing process. If serious concerns are identified during the manufacturing process inspection, this could delay the launch of Plumiaz, if it is approved, which could harm our business.

We and our third-party suppliers are generally required to maintain compliance with cGMPs and are subject to inspections by the FDA or comparable agencies in other jurisdictions to confirm such compliance. In addition, the FDA must approve certain changes to our suppliers or manufacturing methods. If we or our third-party suppliers cannot demonstrate ongoing cGMP compliance, we may be required to withdraw or recall product and interrupt commercial supply of our products. Any delay, interruption or other issues that arise in the manufacture, fill-finish, packaging, or storage of our products as a result of a failure of our facilities or the facilities or operations of our third-party suppliers, to pass regulatory agency inspection could significantly impair our ability to develop and commercialize our products. Significant noncompliance could also result in the imposition of monetary penalties or other civil or criminal sanctions. Non-compliance could increase our costs, cause us to lose revenue, and damage our reputation.

Even if our suppliers or manufacturing methods are in compliance with applicable requirements, we may encounter problems with the manufacture of our products. To investigate and/or resolve these problems, we may be required to withdraw or recall product and interrupt commercial supply of our products. These events could increase our costs, cause us to lose revenue, and damage our reputation. We are required to submit field alert reports to the FDA if we learn of certain reported problems with our products, and we are required to investigate the causes of the reported problems. We filed several field alerts in 2011 related to two reports of empty Zanaflex Capsules, two reports of empty Ampyra bottles and two incidents related to Ampyra bottle labels. Most recently, we filed a field alert related to a report of two empty bottles of Ampyra in a single shipment of three bottles. We are seeking to identify the issues contributing to this field alert. This field alert, or similar issues identified in the future, could lead to product recalls and interruption of supplies, which in turn could harm our business.

If we cannot protect, maintain and, if necessary, enforce our intellectual property, our ability to develop and commercialize our products will be severely limited.

Our success will depend in part on our and our licensors' ability to obtain, maintain and enforce patent and trademark protection for the technologies, compounds and products, if any, resulting from our licenses and research and development programs. Without protection for the intellectual property we use or intend to use, other companies could offer substantially identical products for sale without incurring the sizable discovery, research, development and licensing costs that we have incurred. Our ability to recover these expenditures and realize profits upon the sale of products could be diminished.

We have patent portfolios relating to Ampyra/aminopyridines, GGF2/neuregulins, remyelinating antibodies/antibodies relating to nervous system disorders, chondroitinase, AC105/PEG-Mg, Plumiaz/diazepam nasal spray), Qutenza and NP-1998/topical capsaicin formulations, comprised of both our own and in-licensed patents and patent applications. Our intellectual property also includes copyrights, confidential and trade secret information and a portfolio of

trademarks. The process of obtaining patents and trademarks can be time consuming and expensive with no certainty of success. Even if we spend the necessary time and money, a patent or trademark may not issue, it may not issue in a timely manner, or it may not have sufficient scope or strength to protect the technology it was intended to protect or to provide us with any commercial advantage. We may never be certain that we were the first to develop the technology or that we were the first to file a patent application for the particular technology because patent applications are confidential until they are published, and publications in the scientific or patent literature lag behind actual discoveries. The degree of future protection for our proprietary rights will remain uncertain if our pending patent applications are not allowed or issued for any reason or if we are unable to develop additional proprietary technologies that are patentable. Furthermore, third parties may independently develop similar or alternative technologies, duplicate some or all of our technologies, design around our patented technologies or challenge our issued patents or trademarks or the patents or trademarks of our licensors. For example, several generic drug manufacturers have already filed Abbreviated New Drug Applications, or ANDAs, for generic versions of Ampyra with the FDA. In filing these ANDAs for Ampyra, the generic drug manufacturers have challenged all of the Orange Book-listed patents that protect the Ampyra franchise. As such, to protect our intellectual property rights we have initiated legal proceedings asserting the challenged Orange Book-listed patents against these generic drug manufacturers. Patent litigation involves complex legal and factual questions. We may need to devote significant resources to such legal proceedings, and if we are not successful our business could be materially harmed. We can provide no assurance concerning the duration or the outcome of any such patent related lawsuits.

We may initiate actions to protect our intellectual property (including, for example, in connection with the filing of an ANDA as described above) and in any litigation in which our intellectual property or our licensors' intellectual property is asserted, a court may determine that the intellectual property is invalid or unenforceable. Even if the validity or enforceability of that intellectual property is upheld by a court, a court may not prevent alleged infringement on the grounds that such activity is not covered by, for example, the patent claims. In addition, effective intellectual property enforcement may be unavailable or limited in some foreign countries for a variety of legal and public policy reasons. From time to time we may receive notices from third parties alleging infringement of their intellectual property rights. Any litigation, whether to enforce our rights to use our or our licensors' patents or to defend against allegations that we infringe third party rights, would be costly, time consuming, and may distract management from other important tasks.

As is commonplace in the biotechnology and pharmaceutical industry, we employ individuals who were previously employed at other biotechnology or pharmaceutical companies, including our competitors or potential competitors. To the extent our employees are involved in areas that are similar to those areas in which they were involved at their former employers, we may be subject to claims that such employees and/or we have inadvertently or otherwise used or disclosed the alleged trade secrets or other proprietary information of the former employers. Litigation may be necessary to defend against such claims, which could result in substantial costs and be a distraction to management and which could have an adverse effect on us, even if we are successful in defending such claims.

We also rely in our business on trade secrets, know-how and other proprietary information. We seek to protect this information, in part, through the use of confidentiality agreements with employees, consultants, collaborators, advisors and others. Nonetheless, those agreements may not provide adequate protection for our trade secrets, know-how or other proprietary information and prevent their unauthorized use or disclosure. To the extent that consultants, collaborators, key employees or other third parties apply technological information independently developed by them or by others to our proposed products, joint ownership may result, which could undermine the value of the intellectual property to us or disputes may arise as to the proprietary rights to such information which may not be resolved in our favor. The risk that other parties may breach confidentiality agreements or that our trade secrets become known or independently discovered by competitors, could harm us by enabling our competitors, who may have greater experience and financial resources, to copy or use our trade secrets and other proprietary information in the advancement of their products, methods or technologies. Policing unauthorized use of our or our licensors' intellectual property is difficult, expensive and time-consuming, and we may be unable to determine the extent of any unauthorized use. Adequate remedies may not exist in the event of unauthorized use or disclosure.

Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including our convertible senior notes, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity

capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

We may not have the ability to raise the funds necessary to settle conversions of our convertible senior notes or to repurchase the notes upon a fundamental change.

Holders of our convertible senior notes will have the right to require us to repurchase their notes upon the occurrence of a fundamental change at a repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest, if any. In addition, upon conversion of the notes, unless we elect to deliver solely shares of our common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the notes being converted. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of notes surrendered therefor or notes being converted. In addition, our ability to repurchase the notes or to pay cash upon conversion of the notes may be limited by law, by regulatory authority or by agreements governing our future indebtedness. Our failure to repurchase notes at a time when the repurchase is required by the indenture pursuant to which the notes were issued, or to pay any cash payable on future conversions of the notes as required by the indenture, would constitute a default under the indenture.

The conditional conversion feature of our convertible senior notes, if triggered, may adversely affect our financial condition and operating results. In addition, if our notes are converted into common stock, you may experience significant dilution.

Our convertible senior notes are only convertible, prior to December 15, 2020, in certain limited circumstances. This conditional conversion feature may not be effective in delaying conversion of our notes. In the event that the conditional conversion feature of our convertible senior notes is triggered, holders of notes will be entitled to convert the notes at any time during specified periods at their option. If one or more holders elect to convert their notes, we may elect to satisfy our conversion obligation by delivering solely shares of our common stock, solely cash, or a combination of cash and common stock. If we elect to settle a portion or all of our conversion obligation through the payment of cash, our liquidity and financial position could be adversely affected. If we elect to settle all or a portion of our conversion obligation in common stock, our stockholders could experience significant dilution. In addition, even if holders do not elect to convert their notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

Item 6. Exhibits

Exhibit No .	Description
1.1	Underwriting Agreement dated June 17, 2014. Incorporated herein by reference to Exhibit 1.1 to the Registrant's Current Report on Form 8-K filed on June 23, 2014 (filed under the Company's SEC File Number 000-50513).
4.1	Indenture dated June 23, 2014. Incorporated herein by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on June 23, 2014 (filed under the Company's SEC File Number 000-50513).
4.2	First Supplemental Indenture dated June 23, 2014. Incorporated herein by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed on June 23, 2014 (filed under the Company's SEC File Number 000-50513).
4.3	Form of 1.75% Convertible Senior Note due 2021 (included in Exhibit 4.2). Incorporated herein by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed on June 23, 2014 (filed under the Company's SEC File Number 000-50513).
10.1*	Employment offer letter, dated May 4, 2014, by and between the Registrant and Andrew Hindman.
10.2**	Supply Agreement, dated as of June 30 2009, between Biogen Idec International GmbH ("Biogen") and the Registrant (as subsequently amended by (i) Addendum #1 to the Collaboration and License Agreement and Supply Agreement, dated as of May 21, 2010, between Biogen and the Registrant, (ii) Amendment #1 to Addendum #1, dated as of May 16, 2011, and (iii) Addendum #2 to the Supply Agreement, dated as of August 28, 2010, between Biogen and the Registrant).
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 by the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS***	XBRL Instance Document
101.SCH***	XBRL Taxonomy Extension Schema Document
101.CAL***	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF***	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB***	XBRL Taxonomy Extension Label Linkbase Document
101.PRE***	XBRL Taxonomy Extension Presentation Linkbase Document

* Indicates management contract or compensatory plan or arrangement.

** Portions of this exhibit were redacted pursuant to a confidential treatment request filed with the Secretary of the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

*** In accordance with Regulation S-T, the XBRL-related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall be deemed to be "furnished" and not "filed."

SIGNATURES

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

ACORDA THERAPEUTICS, INC.

By: /s/ RON COHEN

Ron Cohen, M.D.
President, Chief Executive Officer and Director
(Principal Executive Officer)

Date: August 7, 2014

By: /s/ MICHAEL ROGERS

Michael Rogers
Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: August 7, 2014

Exhibit Index

Exhibit No.	Description
10.1*	Employment offer letter, dated May 4, 2014, by and between the Registrant and Andrew Hindman.
10.2**	Supply Agreement, dated as of June 30 2009, between Biogen Idec International GmbH ("Biogen") and the Registrant (as subsequently amended by (i) Addendum #1 to the Collaboration and License Agreement and Supply Agreement, dated as of May 21, 2010, between Biogen and the Registrant, (ii) Amendment #1 to Addendum #1, dated as of May 16, 2011, and (iii) Addendum #2 to the Supply Agreement, dated as of August 28, 2010, between Biogen and the Registrant).
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 by the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS***	XBRL Instance Document
101.SCH***	XBRL Taxonomy Extension Schema Document
101.CAL***	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF***	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB***	XBRL Taxonomy Extension Label Linkbase Document
101.PRE***	XBRL Taxonomy Extension Presentation Linkbase Document

* Indicates management contract or compensatory plan or arrangement.

** Portions of this exhibit were redacted pursuant to a confidential treatment request filed with the Secretary of the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

*** In accordance with Regulation S-T, the XBRL-related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall be deemed to be "furnished" and not "filed."

EXHIBIT 10.1

May 1, 2014

Andrew Hindman
1020 Vallejo Street
APT 6
San Francisco, CA 94133

Dear Andrew:

I am pleased to confirm our offer of employment to you as Chief Business Development Officer reporting to Ron Cohen, President & CEO.

The terms of the offer are as follows:

1. The salary is $400,000 per annum, payable semi-monthly on the 15 th and the last business day of the month. The semi-monthly rate is $16,666.66. Your salary will be subject to annual review. Your work location will be the Company headquarters in Ardsley, New York.

2. You will receive a signing bonus of $100,000.00 in two separate payments. The first payment of $50,000.00 will be paid to you within the first 30 days of your start date. If you voluntarily terminate without Good Reason within the first twelve months of employment, you agree to reimburse the Company on a prorated basis for the first payment of $50,000. The second payment of $50,000.00 will be paid to you on the one-year anniversary of your start date. If you voluntarily terminate without Good Reason twelve months from the date of the second payment, you agree to reimburse the Company on a prorated basis for the second payment of $50,000.

3. Your start date is May 13, 2014.

4. You will be eligible to participate in the Company's benefit plans one month from your hire date. Your benefits will be commensurate with the benefits provided to other senior executives at the Company.

5. You will also be eligible to participate in the Company's 401(k) plan and Flexible Spending Accounts one month from your hire date.

6. You shall be entitled to all perquisites offered to senior executives of the Company. In addition, you shall be entitled to reimbursement of all ordinary and reasonable out-of-pocket business expenses which are incurred by you in furtherance of the Company's business, in accordance with its policies.

7. For 2014, you will be eligible for 15 days of paid time off (PTO), all Company-paid holidays including the week the Company is closed between Christmas and New Year's, and 2 floating holidays. After 2014, you will receive PTO and holidays in accordance with Company policy and commensurate with other senior executives at the Company.

8. You will receive a base grant of 138,840 options of Acorda common stock, vesting over four years. In accordance with the Company's standard option grant procedures, the first 25% of your options will vest at the end of your first 12 months of employment, and the remaining 75% will vest on a quarterly basis over the remaining three years. The grant date will be determined as of the new hire start date. The strike price will be the market price of the stock at the close of business on the date of grant.

9. You will also receive 46,280 shares of restricted stock of Acorda common stock, vesting annually over a four-year period as follows: ¼ of the grant will vest on May 13, 2015, ¼ on May 13, 2016, ¼ on May 13, 2017 and ¼ on May 13, 2018. Restricted shares are subject to the additional terms and conditions of the Acorda Restricted Share Certificate approved by the Board.

10. You are eligible to receive a special grant of 27,768 options of Acorda common stock vesting after three years on May 13, 2017. The strike price will be the market price of the stock at the close of business on the new hire start date. In addition, you will receive 9,256 shares of restricted stock of Acorda common stock, vesting after three years on May 13, 2017. Restricted shares are subject to the additional terms and conditions of the Acorda Restricted Share Certificate approved by the Board. The options and restricted shares under this special grant will not be subject to 100% vesting in the event of a Change in Control.

11. In addition to a year-end performance review, you will be eligible to participate in the Company's Merit Increase Program, Annual Cash Bonus Program and Acorda Equity Program with a potential to receive a pro-rated merit increase, cash bonus and equity grant. Your Annual Cash Bonus Program target is 50% of base salary and is based on the Company's performance against the Corporate Goals and individual/team performance against goals established for that bonus year. Bonus targets include a possible range of zero and can exceed 100% for an individual/team goal or in aggregate. Eighty percent of your target is attributed to Company performance and twenty percent is attributed to individual/team performance. The Annual Cash Bonus Program and the Acorda Equity Program are subject to approval by the Board of Directors. These three programs will be pro-rated for your first year of employment or any subsequent partial year of employment.

12. You will receive up to three months of temporary housing at one of the Company's designated properties. You will also receive assistance with permanent housing in New York and commuting expenses to and from California, such as flight accommodations, not to exceed an aggregate $35,000. If within the first twelve months of employment, you voluntarily terminate your employment

with the Company, you agree to reimburse the Company for such relocation expenses and temporary living expenses on a prorated basis. All expenses associated with relocation are grossed-up for taxes and are reflected in your W2 at year end.

13. You shall be entitled to the same indemnification and insurance coverage that other senior executive level employees receive pursuant to the Company's Certificate of Incorporation, Bylaws, customary Indemnification Agreement and insurance policies, all as currently in effect, and applicable law.

14. Within the first thirty days of employment, you will be given an Employment Agreement with terms including, but not limited to, terms contained in the Employment Agreement of Michael Rogers dated October 7, 2013.

15. To comply with INS regulations, please bring with you on your first day of work, proof verifying your right to work in the United States. Some examples are passport, driver's license and Social Security card, or certificate of citizenship, etc.

16. If you accept employment with the Company, you also certify that the information that you have provided the Company in connection with your submission for employment is true and complete. You understand that if you provided false or misleading information to the Company during the course of the interview or application process it may result in disciplinary action up to and including termination of your employment at any time.

17. By accepting this offer, you represent that you are not a party to any employment agreement that would interfere with your employment with Acorda Therapeutics, Inc. If you are a party to any agreement that contains any restrictive provisions (confidentiality, non-compete, or otherwise) that potentially interfere with your employment with Acorda, you must notify me of those agreements and the relevant provisions, and to the extent possible, submit copies of the agreements. This offer is contingent upon a review of these agreements prior to your starting date so that Acorda can make an independent determination for its own purposes (and not to be considered advice to you) regarding the legal restraints in these agreements and whether they prohibit your employment with Acorda.

18. This letter is not intended, nor should it be considered, as an employment contract for a definite or indefinite period. Once employed, you will be an employee at will. This letter also constitutes the understanding between us with respect to our offer of employment, and replaces and supersedes any previous understandings or arrangements.

Andrew, we are delighted to extend this offer to you.

If you are in agreement with the terms outlined above, please sign and date one copy of this letter and return it to me at your earliest convenience.

Should you have any questions regarding any of the above or any other matter, please contact me. My telephone number (914) 326-5159. You can email me at dduca@acorda.com.

Sincerely,

/s/ Denise J. Duca

Denise J. Duca
Sr. Vice President - Human Resources

CC: Ron Cohen, President & CEO

Accepted:

/s/ Andrew Hindman	5 /13/14
Signature	Date

EXHIBIT 10.2

SUPPLY AGREEMENT

BETWEEN

ACORDA THERAPEUTICS, INC.

AND

BIOGEN IDEC INTERNATIONAL GMBH

CERTAIN PORTIONS OF THIS DOCUMENT HAVE BEEN OMITTED PURSUANT TO A CONFIDENTIAL TREATMENT REQUEST. SUCH OMITTED PORTIONS, WHICH ARE MARKED WITH BRACKETS [ ] AND AN ASTERISK*, HAVE BEEN SEPARATELY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.

TABLE OF CONTENTS

SUPPLY AGREEMENT

This Supply Agreement (the " Agreement ") is entered into as of the 30 th day of June 2009 (the " Effective Date ") by and between Acorda Therapeutics, Inc., a company organized under the laws of the State of Delaware with its principal place of business at 15 Skyline Drive, Hawthorne, New York 10532, USA (" Acorda "), and Biogen Idec International GmbH, a company organized under the laws of Switzerland, with its principal place of business at Landis & Gyr Strasse 3, CH-6300 Zug, Switzerland (" Licensee ") (hereinafter, each of Licensee and Acorda, a " Party " and, collectively, the " Parties ").

W I T N E S S E T H:

WHEREAS , Acorda and Licensee have entered into a Collaboration and License Agreement of even date herewith (the " License Agreement ") pursuant to which the Parties will jointly develop Product;

WHEREAS , Licensee desires to obtain supplies of Product and Acorda is willing to supply Product to Licensee, on such terms and conditions as are set forth herein.

NOW THEREFORE , in consideration of the foregoing premises, which are incorporated into and made a part of this Agreement, and of the mutual covenants which are recited herein, the Parties agree as follows:

1. DEFINITIONS

Capitalized terms used herein and not defined shall have the meaning given thereto in the License Agreement. Other terms are defined as follows:

1.1 " Acorda " shall have the meaning set forth in the Preamble.

1.2 " Acorda Supply Agreements " shall have the meaning set forth in Section 3.4.

1.3 " Affiliate " shall mean any Person who directly or indirectly controls or is controlled by or is under common control with another Person. For purposes of this definition, "control" or "controlled" means ownership, directly or through one or more Affiliates, of fifty percent (50%) or more of the shares of stock entitled to vote for the election of directors, in the case of a corporation, or fifty percent (50%) or more of the equity interest, in the case of any other type of legal entity, or status as a general partner in any partnership. The Parties acknowledge that, in the case of certain entities organized under the laws of certain countries, the maximum percentage ownership permitted by Law for a foreign investor may be less than fifty percent (50%), and in such case such lower percentage shall be substituted in the preceding sentence; provided , that such foreign investor has the power to direct the management and policies of such entity.

1.4 " Agreement " shall have the meaning set forth in the Preamble.

1.5 " Batch " shall mean a specific quantity of Product that is produced according to a single manufacturing order during the same cycle of manufacture.

1.6 " Breaching Party " shall have the meaning set forth in Section 10.2(a).

1.7 " Business Day " shall mean a day other than Saturday or Sunday on which the banks in New York, New York and Boston, Massachusetts are open for business.

1.8 " Calendar Quarter " shall mean a calendar quarter ending on the last day of March, June, September or December.

1.9 " Calendar Year " shall mean a period of time commencing on January 1 and ending on the following December 31.

1.10 " cGMP " shall mean current Good Manufacturing Practices and standards as provided for in the United States Code of Federal Regulations, and the requirements thereunder imposed by the FDA, all promulgated and published, and in EC Directive 91/356/EEC of 13 June 1991 as well as EC Directives 2003-94-EC and 2005-28-EC and in accordance with industry practices.

1.11 " Documentation " shall have the meaning set forth in Section 5.3(b).

1.12 " Effective Date " shall mean that date set forth in the Preamble.

1.13 " Elan " shall mean Elan Pharma International Limited, its successors and assigns and, as applicable, its Affiliates.

1.14 " Elan Compensating Payment " shall mean the amount paid or payable to Elan pursuant to Section 9.5 of the Elan Supply Agreement.

1.15 " Elan Consent " means the consent among Acorda, Licensee and Elan, dated on or about the Effective Date.

1.16 " Elan Supply Agreement " shall mean the Supply Agreement between Elan and Acorda, dated September 26, 2003, as amended from time to time.

1.17 " EMEA " shall mean the European Medicines Agency or any successor agency thereof.

1.18 " EU " shall mean the European Union, as it may be expanded or contracted from time to time, Iceland, Liechtenstein and Norway.

1.19 " Expert Panel " shall have the meaning given to it in the License Agreement Disputes between the Parties under this Agreement that are eligible to be referred to an Expert Panel shall be resolved in accordance with the provisions set forth in Section 3.5(c)(iii) of the License Agreement.

1.20 " Facility " shall mean Elan's manufacturing facility in Monksland, Athlone, Co. Westmeath, Ireland, or such other facility as Acorda or its Third Party manufacturers may use to perform Acorda's obligations under this Agreement.

1.21 " FDA " shall mean the United States Food and Drug Administration or any successor agency thereto.

1.22 " Firm Period " shall have the meaning set forth in Section 4.1(a).

1.23 " Forecast " shall have the meaning set forth in Section 4.1.

1.24 " JMC " shall have the meaning set forth in Section 2.2.

1.25 " Latent Defect " shall have the meaning set forth in Section 5.3(c).

1.26 " Launch Stocks " shall mean the quantities of stocks of the Product required by Licensee, as determined in accordance with Section 4.4, in relation to the launch of the Product following Regulatory Approval in a Major Market Country.

1.27 " Law " shall mean any law, statute, rule, regulation, government agency guidance, ordinance or other pronouncement having the effect of law, of any federal, national, multinational, state, provincial, county, city or other political subdivision, including (a) cGMP, good clinical practices and adverse event reporting requirements, guidance from the International Conference on Harmonization or other generally accepted conventions, and all other rules, regulations and requirements of the FDA and other applicable Regulatory Authorities, (b) the Foreign Corrupt Practices Act of 1977, as amended, or any comparable laws in any country, and (c) all export control laws.

1.28 " License Agreement " shall have the meaning set forth in the Preamble.

1.29 " Licensee " shall have the meaning set forth in the Preamble.

1.30 " Major Market Countries " shall mean the United Kingdom, France, Germany, Italy, Spain and Japan.

1.31 " NDA " shall mean a New Drug Application filed with the FDA or similar foreign application or submission for Regulatory Approval, including a MAA.

1.32 " Non-Breaching Party " shall have the meaning set forth in Section 10.2(a).

1.33 " Party " and " Parties " shall have the respective meanings set forth in the Preamble.

1.34 " Person " shall mean any individual, limited or general partnership, corporation, limited liability company, joint venture, unincorporated organization or association, any trust, governmental body, authority, bureau or agency, or any other entity or body.

1.35 " Process " or " Processing " shall mean the act of preparation, filling, testing, packaging, labeling and any other pharmaceutical manufacturing procedures, or any part thereof (including, but not limited to, product or process specifications, testing or test methods, raw material specifications or suppliers, equipment, etc.), relating to the Product.

1.36 "Product" shall mean any Licensed Product (as defined in the License Agreement).

1.37 " Purchase Order " shall mean a written purchase order delivered by Licensee to Acorda for Products pursuant to this Agreement.

1.38 " Quality Agreement " shall mean a quality agreement entered into by Acorda and Licensee, or by Licensee and a Third Party manufacturer, as described in Section 3.3.

1.39 " Regulatory Authority " shall mean any applicable government regulatory authority involved in granting approvals for the marketing and commercial sale of a pharmaceutical or biological product or medical device in a country or regulatory jurisdiction (including pricing and/or reimbursement approval in any country in which pricing and/or reimbursement approval is required by applicable Laws), including the FDA, the EMEA and foreign equivalents thereof.

1.40 " Second Source Agreement " shall have the meaning set forth in Section 8.3(b).

1.41 " Semi-Firm Period " shall have the meaning set forth in Section 4.1(a).

1.42 " Severed Clause " shall have the meaning set forth in Section 12.8.

1.43 " Specifications " shall mean (a) with respect to the bulk Licensed Product, the specifications for the bulk Licensed Product, as determined pursuant to the Elan Supply Agreement and Section 6.3 of the Elan License Agreement and as may be amended in accordance with Section 5.1 of this Agreement, and (b) with respect to the packaging and labeling for orders of the Licensed Product for sale in a particular country in the Territory, the specifications therefor mutually agreed upon by the Parties in accordance with Section 5.1(b).

1.44 " Supply Shortage " shall have the meaning set forth in Section 4.7.

1.45 " Term " shall have the meaning set forth in Section 10.1.

1.46 " Third Party " shall mean any Person who is not a Party or an Affiliate under this Agreement.

1.47 " Transfer Price " shall mean the price Acorda's Third Party manufacturer(s) invoices Acorda for Product Manufactured by such Third Party manufacturer(s) supplied to Licensee pursuant to the agreement(s) between Acorda and such manufacturer(s).

1.48 Construction . In construing this Agreement, unless expressly specified otherwise;

(a) references to Sections and Exhibits are to sections of, and exhibits to, this Agreement;

(b) except where the context otherwise requires, use of either gender includes the other gender, and use of the singular includes the plural and vice versa;

(c) headings and titles are for convenience only and do not affect the interpretation of this Agreement;

(d) any list or examples following the word "including" shall be interpreted without limitation to the generality of the preceding words;

(e) except where the context otherwise requires, the word "or" is used in the inclusive sense;

(f) all references to "dollars" or "$" herein shall mean U.S. Dollars; and

(g) each Party represents that it has been represented by legal counsel in connection with this Agreement and acknowledges that it has participated in the drafting hereof. In interpreting and applying the terms and provisions of this Agreement, the Parties agree that no presumption will apply against the Party which drafted such terms and provisions.

2. COORDINATION; SUPPLY CHAIN MANAGEMENT

2.1 Relationship Managers . Each Party shall appoint a manufacturing logistics and quality assurance manager to support the Parties' respective manufacturing activities, and to function as a liaison with the other Party's manufacturing logistics and quality assurance manager on matters relating to the manufacture and supply of the Product pursuant to this Agreement.

2.2 Joint Manufacturing Committee .

(a) The Parties shall establish a joint manufacturing committee (" JMC ") to oversee the supply of Product to Licensee in accordance with this Agreement. The JMC shall consist of three (3) representatives designated by each Party. One (1) representative from each Party shall alternate in acting as the chairperson of the JMC for one Calendar Year term, with Acorda's representative chairing the JMC for the first Calendar Year. The chairperson shall not have any greater authority than any other representative on the JMC. As soon as practicable following the Effective Date (but in no event more than thirty (30) days following the Effective Date), each Party shall designate its initial representatives on the JMC. Each Party shall be free to change its representatives on notice to the other or to send a substitute representative to any JMC meeting; provided , however , that each Party shall ensure that at all times during the existence of the JMC, its representatives on such committee are appropriate in terms of seniority and expertise with respect to the manufacturing of pharmaceutical products and have the authority to bind such Party with respect to matters within the purview of the JMC. Except as expressly provided in this Agreement, the JMC shall have no authority to bind the Parties hereunder and the JMC shall report to the JSC, subject to Section 2.4 of this Agreement.

(b) The JMC shall be responsible for (i) managing the supply chain for Product in the Territory; (ii) monitoring logistical strategies, capacity planning and inventory levels for the Product for Commercialization in the Field in the Territory; and (iii) providing a forum for the Parties to discuss any material quality-related issues concerning the Product.

(c) The appointment of members of the JMC is a right of each Party and not an obligation and shall not be a "deliverable" as referenced in any existing authoritative accounting literature. Each Party shall be free to determine not to appoint members to the JMC. If a Party does not appoint members of the JMC, it shall not be a breach of this Agreement, nor shall any consideration be required to be returned, and unless and until such persons are appointed, all decisions and obligations within the purview of the committee shall henceforth be handled directly between the Parties; provided , that in the event of any disputes between the Parties, the dispute resolution procedures set forth in Section 2.4 (a) shall continue to apply (substituting in such provision references to "the Parties" instead of "the JMC").

2.3 Meetings . The JMC shall hold at least one (1) meeting per Calendar Quarter at such times during such Calendar Quarter as the chairperson elects to do so. Meetings of the JMC shall be effective only if at least one (1) representative of each Party is present or participating. The JMC may meet either (a) in person at either Party's facilities or at such locations as the Parties may otherwise agree or (b) by audio or video teleconference; provided , that no less than one (1) meeting of the JMC during each Calendar Year shall be conducted in person. Other representatives of each Party involved with the Product may attend meetings as non-voting participants, subject to the confidentiality provisions set forth in this Agreement. Additional meetings of the JMC may also be held with the consent of each Party, or as required under this Agreement, and neither Party shall unreasonably withhold its consent to hold such additional meetings. Each Party shall be responsible for all of its own expenses incurred in connection with participating in the JMC meetings.

2.4 Decision Making; Authority .

(a) Approval by the JMC . Subject to the provisions of this Section 2.4, the JMC shall approve matters before it only following a unanimous vote, with each Party having one (1) vote. If the JMC fails to reach unanimous agreement on a matter before it for decision for a period in excess of thirty (30) days, the matter shall be referred to the JSC as constituted under and in accordance with the License Agreement and any dispute that may arise from such matter shall be resolved pursuant to the terms of Section 3.5 of the License Agreement. Notwithstanding anything to the contrary in this Agreement or the License Agreement, neither any Party, the JSC nor any Expert Panel shall exercise its right to finally resolve a dispute pursuant to the License Agreement in a manner that (i) excuses such Party from any of its obligations specifically enumerated under this Agreement, (ii) negates any consent rights or other rights specifically allocated to the other Party under this Agreement, (iii) would cause Acorda to breach an Acorda Third Party Agreement (including any Acorda Supply Agreement) or to require any Third Party to take any actions not required to be performed by such Third Party under any Acorda Third Party Agreement, (iv) increases the Development Plan costs for the other Party for a given Calendar Year by more than [*****] above the then current Development Budget for the Calendar Year, or (v) would require either Party (or require Acorda to require a Third Party) to perform any act that it (or such Third Party) reasonably believes to be inconsistent with any Law or any approval, order, policy or guidelines of a Regulatory Authority; provided , that, if such decision would require Acorda, in order to comply with such decisions, to compel the Third Party counterparty to an Acorda Third Party Agreement to perform any act or to refrain from performing any act, Licensee acknowledges and agrees that

Acorda shall only be obligated to use Commercially Reasonable Efforts to compel such activity or to refrain from performing such activity. The JMC shall have only the powers assigned expressly to it in this Agreement and shall not have any power to amend, modify or waive compliance with this Agreement or the Acorda Third Party Agreements.

(b) No Limitation on Remedies . Nothing in this Section 2.4 shall affect the right of a Party to exercise its rights or remedies for a breach of this Agreement by the other Party.

2.5 Third Party Manufacturers . Where this Agreement provides that Acorda shall use Commercially Reasonable Efforts to obtain the consent of or response from one of its Third Party manufacturers, then, to the extent that Licensee has been allowed to interact directly with such Third party Manufacturer with respect to such matters, Licensee shall also be required to use Commercially Reasonable Efforts to obtain such result.

3. SUPPLY

3.1 Exclusive Supply . Except as expressly provided in this Agreement, Licensee shall exclusively purchase from Acorda all Product in order to meet Licensee's and its Affiliates' and Third Party Distributors' requirements of the Product.

3.2 General Scope of Services . Acorda shall use Commercially Reasonable Efforts to manufacture, or arrange for a Third Party(ies) to manufacture, and supply Licensee's requirements of Product for use in the Field in the Territory pursuant to the License Agreement in final, packaged, labeled form; provided , however , that the foregoing shall be subject to Acorda's and its Third Party manufacturer(s)' capacity and ability to manufacture such quantities in their current manufacturing facilities, taking into account Acorda's and such Third Party manufacturer(s)' responsibilities to manufacture the Product for use outside the Territory or outside the Field and to manufacture other pharmaceutical products.

3.3 Quality Agreement . Promptly after the Effective Date, the Parties shall negotiate and execute a "Quality Agreement" specifying the testing, storage, release, cGMP, regulatory and other quality assurance requirements relating to manufacture and shipment of Product by or on behalf of Acorda under this Agreement. To the extent that Acorda or an Acorda Third Party manufacturer supplying Product hereunder reasonably requests, Licensee shall also enter into a "Quality Agreement" with such Third Party manufacturer regarding supply of Product.

3.4 Third Party Manufacturers . Licensee acknowledges and agrees that the provisions set forth in this Agreement are subject to the requirements and limitations of the agreements set forth in Exhibit A , including the Elan Supply Agreement (collectively, such agreements, the " Acorda Supply Agreements "). Exhibit A may be updated by Acorda from time to time after the date hereof upon Acorda providing to Licensee true and correct copies of any additional agreements to be listed on such Exhibit A ; provided , however , that Acorda shall, prior to executing or otherwise agreeing to be bound by any such additional agreement, (i) supply material drafts, including the final draft, of such agreement to Licensee for its review, (ii) allow Licensee to comment on such draft within a reasonable period of time following Licensee's

receipt; and (iii) reasonably consider, in good faith, Licensee's comments to such draft (but Licensee shall not have the right to approve such agreement).

4. FORECASTS AND ORDERS

4.1 Forecast . Commencing [*****] prior to the anticipated date of first Regulatory Approval in any Major Market Country, Licensee shall submit to Acorda on or before the first Business Day of each month a [*****] rolling forecast that sets forth the total quantity of Product for supply that Licensee either has ordered, desires to order, or expects to order from Acorda within the next [*****] period (the " Forecast "). In the Forecast, Licensee shall include a breakdown of the total quantity of Product forecast on a month-by-month and country-by-country basis.

(a) Firm Period and Semi-Firm Period . Once Regulatory Approval for the Product has been received in a Major Market Country or the United States, the monthly breakdown of the [*****] of the Forecast shall include a firm, irrevocable order for the first [*****] of the Forecast (" Firm Period "), which shall be the subject of a binding Purchase Order delivered in accordance with Section 4.5. For purposes of clarity, in the event that a Forecast delivered to Acorda in accordance with the terms of this Agreement lists a total quantity of Product for supply for each of the first [*****] of such Forecast as zero (0), the Firm Order for such [*****] period shall be for a quantity of zero (0). The next [*****] of the Forecast period shall be a semi-firm period that is non-binding (" Semi-Firm Period "); provided , that, subject to Section 4.3(c), if Licensee requests more than a [*****] increase in the ordered quantities of Product for such Semi-Firm Period, Acorda shall have the right to change the lead time for delivery of the Product if such a change is commercially reasonable given the increase in ordered Product quantity. The remainder of the Forecast is non-binding.

4.2 Long-Term Forecast . Not later than July 1 st in each Calendar Year, Licensee shall provide Acorda a [*****] forecast of its estimated requirements of the Product, broken down on an annual basis. For the avoidance of doubt, except with respect to any Firm Period included in such [*****] forecast and subject to Section 4.3(c), any long-term forecast provided by Licensee under this Section 4.2 shall be non-binding.

4.3 Amending Forecasts . Any portion of the Forecast that is not a Firm Period is to be considered an estimated forecast to be used for planning purposes, and shall not be construed as a firm commitment by Licensee to Acorda; rather, it can be increased or reduced by Licensee from time to time; provided , however , that (a) Licensee may not decrease the quantities specified in any Forecast with respect to any Firm Period; (b) if Licensee increases the quantities specified in any Forecast with respect to any Firm Period, Acorda shall use Commercially Reasonable Efforts (having regard to its and its Third Party manufacturers' manufacturing capacity and ability), but shall not be obligated, to supply such additional Product; and (c) Licensee may not increase or decrease by more than [*****] in the aggregate the amount of Product required in a Calendar Quarter compared to the previous Calendar Quarter, except for Launch Stocks or unless otherwise agreed by Acorda.

4.4 Launch Stocks . At least [*****] prior to an anticipated Regulatory Approval in a Major Market Country, the Parties shall discuss and agree upon the manufacture and purchase of specific quantities of Launch Stocks for launch of the Product in the applicable Major Market Country. Launch Stocks shall be ordered not later than [*****] from receipt by Licensee of an approval letter from a Regulatory Authority in respect of an NDA in a Major Market Country.

4.5 Purchase Orders .

(a) General . Licensee shall accompany its monthly update of the Forecast with a Purchase Order for each Firm Period for which Product has not been previously ordered or for which additional Product is required; provided , that in the event the Forecast contains a binding forecast for Launch Stocks pursuant to Section 4.4, the Purchase Order shall also contain an order for the Launch Stocks. Each Purchase Order shall specify the Product ordered, the quantity of Product ordered and the time, manner and address of delivery, all of which shall be subject to this Article 4 and Section 6.1. In order for the Product to be properly labeled and packaged, each such Purchase Order shall specify the countries in which the Product from such order shall be marketed or sold, the quantity of Product from such Purchase Order destined for each such country and the quantity of Product for promotional and sample use. Each Purchase Order shall also specify the requested date of delivery and the delivery destination.

(b) Terms . Purchase Orders issued by Licensee or its Affiliates shall be effective solely with respect to specifying the quantity, requested delivery date (subject to the terms of this Agreement) and means of shipment of the Product being ordered. All other terms and conditions printed or included on such Purchase Orders shall be of no effect or force.

(c) Rejection of Purchase Orders . Within [*****] of receipt, Acorda shall have the right to reject any Purchase Order issued by Licensee that Acorda reasonably believes to be materially inconsistent with the terms of this Agreement. Subject to Acorda's obligation set forth in Section 4.3 to use Commercially Reasonable Efforts to address fluctuations in Licensee's Product demand, if Acorda reasonably believes that a Purchase Order is materially inconsistent with the forecasted quantities of the Firm Period and/or the Launch Stocks, it shall have the right to reject such Purchase Order; provided , that Acorda shall reject no Purchase Order solely on the basis of quantity so long as the quantity specified in such Purchase Order is within the amount required to be ordered hereunder.

4.6 Fulfillment of Purchase Orders . Except as otherwise provided in this Agreement, Acorda shall use Commercially Reasonable Efforts to produce and supply to Licensee its requirements of the Product as set forth in and in response to Purchase Orders, within [*****] of the Purchase Order (or such later delivery date as set forth in the Purchase Order), or [*****] for Launch Stocks or samples (or such later delivery date as set forth in the Purchase Order and subject to any required extension due to the lead times of specific components of samples). Notwithstanding the foregoing, Acorda shall have no obligation to supply Product, unless otherwise mutually agreed upon by the Parties:

(a) for any Firm Period, in excess of Licensee's Forecast for such Firm Period (but Acorda will nevertheless use its Commercially Reasonable Efforts to fulfill Licensee's requirements in excess of such amounts, having regard to its and its Third Party manufacturers' manufacturing capacity and ability);

(b) for less than a minimum order of [*****] or such other minimum amount as may be required by Acorda's Third Party manufacturers.

(c) in partial Batches;

(d) where Product is supplied by Elan and where [*****] of the Manufacturing Cost (as defined in the Elan Supply Agreement) would exceed the Transfer Price; provided , that in such case, Acorda shall use Commercially Reasonable Efforts to supply Product using a Second Source (as defined in the Elan Supply Agreement); or

(e) pursuant to a Purchase Order which does not conform in all material respects to the terms of this Agreement; provided , that, if Acorda does supply Product pursuant to such a Purchase Order in its absolute discretion, that fulfillment shall not affect Acorda's right to refuse to fulfill any subsequent Purchase Order which does not comply in all material respects with this Agreement.

4.7 Supply Uncertainty . Acorda shall, within [*****] after receipt of Licensee' Forecast, notify Licensee if it becomes aware or believes that, based on the Forecasts submitted by Licensee, any shortage of supply of Product to Licensee will occur (such shortage, a " Supply Shortage "). The Parties, through the JMC, shall discuss the reasons for the anticipated Supply Shortage. Unless otherwise mutually agreed upon by the Parties, in the event Acorda has a Supply Shortage, available Product supply shall be allocated between the Parties on a pro-rata basis, each Party to receive a percentage of Product supply equal to the percentage of dosage units of Product purchased by such Party and its Affiliates during the previous [*****] period as compared to the aggregate dosage units of Product purchased by both Parties and their respective Affiliates during such period; provided , that, in the event the Supply Shortage occurs within the first Firm Period or the [*****] period following the first Firm Period, available Product supply shall be allocated between the Parties on a pro-rata basis based on the good faith forecasts submitted by each Party for such time period. Nothing in this Section 4.7 shall limit, modify or replace Licensee's remedies under this Agreement in the event of a Supply Shortage.

4.8 Safety Stock . Licensee shall: (a) prior to the Regulatory Approval of Product in the Field in any country in the Territory and until [*****] after such Regulatory Approval, maintain, at its own risk and expense, Launch Stock of [*****] supply of Product, measured, as of any date, based on Licensee's Forecast; and (b) beginning [*****] after Regulatory Approval of Product in the Field in any country in the Territory has been obtained, maintain, at its own risk and expense, safety stock of [*****] supply of Product, measured, as of any date, by the Purchase Orders delivered to Acorda by Licensee during the immediately preceding [*****] .

5. PRODUCTION

5.1 Specifications .

(a) The Specifications for the bulk Licensed Product may, subject to the Acorda Supply Agreements and Section 6.3 of the Elan License Agreement, be amended by the JMC or as otherwise mutually agreed by the Parties.

(b) Licensee shall propose the necessary Specifications for packaging and labeling of the Product for each country in the Territory. Acorda, in consultation with its Third Party manufacturers, shall review and approve all such Specifications for packaging and labeling, such approval not to be unreasonably withheld; provided , that, (i) such Specifications shall require Elan's approval, which Acorda shall use Commercially Reasonable Efforts to obtain, and (ii) Acorda shall not be required to approve any Specifications if (A) such approval would be a violation under any Acorda Third Party Agreements or (B) Acorda reasonably believes that such Specifications would adversely affect the Commercialization or the specifications of the Licensed Product in the Acorda Territory. Licensee shall bear [*****] costs and expenses to obtain approval of any Regulatory Authority in the Territory with respect to such packaging and labeling.

5.2 Changes to the Specifications, Processing or the Facility .

(a) Changes . Acorda or its Third Party manufacturers may make such changes to the Specifications, Processing or the Facility as are required pursuant to applicable Law or to comply with Regulatory Approvals; provided , that Acorda shall have promptly notified Licensee upon Acorda becoming aware of such required change, and provided , further , that Licensee shall have the reasonable opportunity to dispute the necessity of such change prior to such change's adoption by Acorda or its Third Party manufacturers.

(i) Changes Specific to Product in Territory . Subject to Section 5.2(a), to the extent that changes to the Specifications, Processing and/or Facility are required pursuant to Law or Regulatory Approvals applicable solely to the Product in the Territory, costs incurred for such changes with respect to the Product in the Territory shall be paid [*****] by Licensee.

(ii) Changes Specific to Product in Acorda's Territory . To the extent that changes to the Specifications, Processing and/or Facility are required pursuant to Law or Regulatory Approvals applicable solely to the Product in the Acorda Territory, costs incurred for such changes with respect to the Product in the Acorda Territory shall be paid [*****] by Acorda; and, for clarity, nothing in this Agreement shall preclude Acorda from making any such changes.

(iii) Non-Specific or Joint Changes . Subject to Section 5.2(a), to the extent that (A) changes to the Specifications, Processing and/or Facility are required pursuant to Law or Regulatory Approvals applicable to the Product worldwide; (B) Licensee requests that a change made pursuant to Section 5.2(a)(ii) be also made for the Product in the Territory; or (C) Acorda requests that a change made pursuant to Section 5.2(a)(i) be also made for the Product in the Acorda Territory, each Party shall pay [*****] of the costs incurred for such

changes, based upon the mutually agreed upon anticipated sales of Product, as between Acorda and Licensee, over the next [*****] period.

(b) Notice of Required Changes . If either Party is notified of or otherwise learns of any change in Laws or Regulatory Approvals in any country in which a Party and/or its Affiliates or Licensee's Third Party Distributors are, or are reasonably anticipating, marketing or selling the Product, which change would or could require a change to Specifications in such country, the notified Party shall promptly notify the other Party of such change in Laws or Regulatory Approvals and, if such change will affect the Product in the Territory, the Parties shall negotiate in good faith a written agreement regarding the extent and timing of such change.

(c) Changes Requested by Licensee . Notwithstanding Section 5.1(a), if Licensee, on behalf of itself or any of its Affiliates, requests any change to Specifications which is not required by a change in Laws or Regulatory Approvals in any such country, Acorda may, in its discretion, consider such request. Acorda shall consider such request in accordance with the License Agreement as a proposed amendment to the Development Plan or as a Development Collaboration Proposal. All costs with respect thereto shall be borne as "Development Costs" in accordance with the License Agreement. Licensee shall reasonably cooperate with Acorda and its Third Party manufacturers in obtaining any approvals necessary for such requested changes.

(d) Changes to the Process or Facility . Licensee acknowledges that Elan has the right to change the Process or Facility pursuant to Section 3.6 of the Elan Supply Agreement.

5.3 Quality Assurance .

(a) Acorda shall use Commercially Reasonable Efforts to obtain from its Third Party manufacturer(s) supplying Product for Licensee representations and warranties for the benefit of Licensee that, as of the date of physical transfer of each order of Product to Licensee, such Product (i) was manufactured in accordance with cGMP and all applicable Laws in all material respects; (ii) conforms in all material respects to the applicable Specifications; and (iii) does not contain any material that would cause the Product to be adulterated or misbranded under applicable Law.

(b) Documentation . Acorda or its Third Party manufacturer shall deliver with each shipment of Product (i) a Certificate of Analysis for the Product and (ii) the batch records for such Product (clauses (i) and (ii) of this sentence, collectively, the " Documentation ").

(c) Non-Conforming Product . Subject to Elan's rights under Clause 6 of the Elan Supply Agreement and the rights of the Second Source (as defined in the Elan Supply Agreement) under any Acorda Supply Agreement, including the mechanisms and time frames for the resolution of any disputes:

(i) Within (A) [*****] after delivery of an order of Product to Licensee or (B) [*****] of Licensee's discovery of an issue with Product following Licensee's acceptance of Product which issue cannot be ascertained by reviewing the Documentation or the exercise of reasonable diligence (including the performance of the routine testing protocol to be agreed in the Quality Agreement) by Licensee upon receipt of such Product

(such issue, a " Latent Defect "), Licensee shall notify Acorda in writing if such Product does not comply with the Specifications at the time of delivery to Licensee and shall provide Acorda with reasonable details of the alleged non-conformance and supporting evidence and upon Acorda's request permit Acorda to re-test the Product. Licensee shall only make such claims in good faith. If Licensee does not make a claim within such [*****] period, Licensee shall be deemed to have accepted the Product.

(ii) If Acorda does not agree with the substantiating evidence provided by Licensee, Acorda shall provide Licensee with a written notice of such disagreement within twenty-five (25) days of receipt of Licensee's notice of non-conformance, responding to Licensee's claim. The Parties shall use Commercially Reasonable Efforts to resolve such disagreement within ten (10) days of Licensee's receipt of notice from Acorda of such disagreement. In the event of an unresolved dispute as to (A) conformity of the Product with Specifications; or (B) whether defects in the Product are attributable to the negligent acts or omissions of Acorda or its Third Party manufacturers of Product, the Parties shall, within thirty (30) days after expiration of such ten (10) day period, appoint a mutually acceptable independent laboratory to undertake the relevant testing and its findings shall be conclusive and binding upon the Parties. All costs relating to this process shall be borne solely by the Party whose testing was in error.

(iii) If the Parties agree or the independent laboratory's analysis confirms that Licensee's complaint was valid, Acorda shall use Commercially Reasonable Efforts to supply to Licensee, as promptly as reasonably practicable, the remaining quantity of the Product conforming to the relevant Specifications. If Licensee has already paid for the conforming quantity of Product Acorda initially failed to supply, then such additional or replacement quantity shall be provided by Acorda at no additional cost to Licensee; otherwise, Acorda shall invoice Licensee for such conforming Product in accordance with Section 6.2.

(iv) Any nonconforming Product shall either be destroyed by Licensee or returned to Acorda for destruction by Acorda, according to Acorda's instructions. In the event that the nonconformity was solely due to a fault of Licensee, then Licensee shall bear all costs of such destruction or return and Licensee shall not be entitled to any credit as to the non-conforming Product; in the event that the nonconformity was solely due to a fault of Acorda, then Acorda shall bear all costs of such destruction or return; and otherwise, the Parties shall equally share such costs.

(v) The Product shelf-life shall be as set forth in the Technical Agreement (as defined in the Elan Supply Agreement).

(d) THE PROVISIONS HEREIN SHALL BE ACORDA'S EXCLUSIVE LIABILITY AND LICENSEE'S SOLE REMEDY WITH RESPECT TO ACORDA'S FAILURE TO SUPPLY THE ORDERED QUANTITIES OF PRODUCT CONFORMING TO THE SPECIFICATIONS AND THE WARRANTIES HEREUNDER.

5.4 Preservation of Samples . Licensee shall retain and store preservation samples from each lot number of Product received by Licensee hereunder for a period of no less than [*****] after the expiration date of the Product, in accordance with Law.

6. DELIVERY AND PAYMENT

6.1 Delivery . The delivery dates for Product shall be as mutually agreed upon by the Parties; provided , however , that any delivery date for any order of Product will be determined based on the manufacturing runs of Product scheduled by Acorda and its Third Party manufacturer(s) and any delay in delivery as a result of the scheduling of such manufacturing runs shall not be a breach of this Agreement by Acorda. Acorda shall deliver Product ordered in the relevant Purchase Order, according to Incoterms 2000 EXW ("ex-works") the Facility or a distribution warehouse designated by Acorda, in Acorda's sole discretion. Title to the delivered quantity of Product shall pass to Licensee or its designee upon such delivery.

6.2 Price and Reimbursements . The price for Product shall be the Transfer Price. Upon shipment of the Product, Acorda shall issue an invoice for such shipment. Such invoice shall list separately those expenses subject to reimbursement by Licensee under this Agreement.

6.3 Elan Compensating Payment and Acorda Costs .

(a) Licensee shall pay Acorda the percentage of the Elan Compensating Payment that is equal to the percentage of Product supplied to Licensee that was manufactured by the Second Source (as defined in the Elan Supply Agreement). If such Elan Compensating Payment is payable by Licensee, the calculation of such amount shall be included on an invoice from Acorda for such payment.

(b) All costs and expenses, including internal costs, incurred by Acorda or its Affiliates in connection with the supply of Product to Licensee, its Affiliates and Third Party Distributors hereunder shall be reimbursed by Licensee.

(c) For the sake of clarity, Licensee shall pay to Acorda, if applicable, any remaining amount which is payable to Elan pursuant to Section 9.3.3 of the Elan Supply Agreement, reflecting the difference between the amount due pursuant to the actual NSP (as defined in the Elan License Agreement) and the initial portion of the Transfer Price invoiced upon supply of the Licensed Product (based on the then-applicable Notional NSP, as defined in the Elan License Agreement). Licensee shall pay Acorda such amount within thirty (30) days after the end of the relevant Calendar Quarter, or, if earlier, at least five (5) Business Days before such time as such payment is owed to Elan. To the extent that such difference is negative, reflecting an initial overpayment by Licensee, Acorda shall credit such difference against the price of Licensed Product to be supplied to Licensee to the extent of any credit provided by Elan.

6.4 Remittance of Payments . For the first two (2) years following the first commercial sale of the Product in any country, all payments from Licensee to Acorda hereunder shall be due within forty-five (45) days after Licensee's receipt of an invoice therefor. Thereafter, payment shall be made within twenty (20) days after Licensee's receipt of an invoice therefor. Payments made more than twenty (20) days after the due date shall bear interest per

month in an amount equal to [*****] from the due date until paid in full or, if less, the maximum interest rate permitted by applicable Law. Notwithstanding anything in this Section 6.4 to the contrary, no interest shall accrue on any payment disputed in good faith by Licensee until such payment dispute has been resolved, at which time, if Licensee is found to have erroneously withheld such payment, interest will be deemed to have accrued as of the due date. In addition, Licensee shall reimburse Acorda for all costs and expenses, including reasonable attorney fees and legal expenses, incurred in the collection of late payments

6.5 Tax Withholding . Licensee shall inform Acorda of any withholding tax obligation on payments due to Acorda under this Agreement as soon as Licensee becomes aware of the withholding tax obligation. The Parties shall meet promptly thereafter to discuss how best to minimize the amount of such withholding tax obligation in accordance with Law, and Licensee shall take all reasonable and lawful steps to minimize the amount of any such withholding tax obligation. The Parties agree to cooperate in good faith to provide one another with such documents and certifications as are reasonably necessary to enable Licensee and Acorda to minimize and/or recover any withholding tax obligation. Upon Acorda's request, Licensee shall provide to Acorda documentation of the payment of any withholding tax that is paid pursuant to this Section 6.5.

6.6 VAT . All prices for the Product and other amounts in this Agreement are exclusive of any applicable value added or any other sales tax, for which Licensee will be additionally liable, if payable.

7. REGULATORY

7.1 Information Provided to Manufacturers . Acorda may fully disclose to its Affiliates and to its Third Party manufacturers of the Product hereunder (a) any Regulatory Approvals or other information necessary for such Affiliates or Third Party manufacturers to comply with any reporting requirements or to fulfill obligations under any supply agreement with Acorda; or (b) any information regarding non-conforming Products or safety issues regarding Products, including all communications with Regulatory Authorities with respect thereto. Acorda shall promptly disclose to Licensee all materials described in clause (b) of the preceding sentence that could have a significant impact on Product in the Field in the Territory, including copies of the related communications with Regulatory Authorities disclosed by Acorda to Acorda's Affiliates and Third Party manufacturers. Subject to any relevant Third Party manufacturer's consent, at either Party's request, Licensee (and to the extent requested by either Party, its Affiliates and Third Party Distributors) shall participate in discussions with Acorda, its Affiliates and Third Party manufacturers regarding such Products or safety requests received from Regulatory Authorities. Licensee shall, and shall ensure that its Affiliates and Third Party Distributors, otherwise cooperate with Acorda, its Affiliates and Third Party manufacturers to resolve any issues with respect to this Section 7.1. Each Party shall, and shall ensure that its Affiliates and in the case of Acorda, its licensees (other than Licensee), and in the case of Licensee, its Third Party Distributors, provide information for the worldwide safety database referred to in Section 6.2(a) of the License Agreement as described in and required by such section.

7.2 Governmental Inspection . Each Party shall advise the other of any governmental communication, inspection or report which addresses or affects the Product promptly after becoming aware of it and the JMC shall take action at its next meeting (or, if applicable, the Parties as soon as practicable shall meet) to determine the Parties' response to such governmental communication, inspection or report.

7.3 Right of Inspection . No more than [*****] during the Term and upon thirty (30) days' prior written notice to Acorda, Licensee shall have the right to inspect, during Acorda's normal business, Acorda's facilities (including, as permitted under any Acorda Supply Agreement, any Third Party manufacturer's facilities) and documentation relating to Acorda's performance hereunder; provided , that, to the extent Licensee identifies any issues during such inspections that would reasonably be expected to have a material adverse effect on Product for supply in the Territory, Licensee may, as permitted under the relevant Acorda Supply Agreement, conduct a follow-up inspection as reasonably necessary to assure quality of the Product and to conduct quality compliance audits (and enable any relevant Regulatory Authorities to do so, if necessary). Acorda agrees to use Commercially Reasonable Efforts to correct, and cause to be corrected, all material deficiencies identified by Licensee.

7.4 Records .

(a) Financial Records . Acorda shall maintain records with respect to its costs under this Agreement. Specifically, Acorda shall maintain all of its records reasonably necessary to support charges to Licensee pursuant to Section 6. To the extent Licensee reasonably believes that there has been an overcharge for any amounts due hereunder, [*****] all such records shall be available for inspection, audit and copying by Licensee's independent Third Party auditors, upon reasonable request during normal business hours. The results of such audit shall be made available to Acorda and shall be considered Acorda's Confidential Information. Licensee shall bear the costs of such audit, except as provided below. If an audit under this Section 7.4(a) shows any overpayment by Licensee, Acorda shall remit to Licensee within thirty (30) days after the results of the audit are delivered, the amount of such overpayment and, if such overpayment exceeds five percent (5%) of the total amount owed for the period then being audited, the fees and expenses of Licensee's auditors for such audit. All such records shall be maintained for at least [*****] after the end of the Calendar Year to which such records relate, or such longer period as may be required by applicable Law.

(b) Product Records . Acorda shall maintain all records necessary for it to comply with applicable Law with respect to its obligations under this Agreement. All such records shall be available for inspection, audit and copying by Licensee and its representatives and agents, including Licensee's auditors, at no cost to Licensee, upon reasonable request during normal business hours. All such records shall be maintained for the longest period as may be required by applicable Law and prior to destruction of any record, Acorda shall give notice to Licensee, which shall have the right to request and retain such record.

8. REPRESENTATIONS AND WARRANTIES

8.1 Mutual Representations and Warranties . Each Party warrants to the other Party that:

(a) as of the Effective Date, it is a corporation duly organized and in good standing under the Laws of the jurisdiction of its incorporation, and it has full power and authority and the legal right to own and operate its property and assets and to carry on its business as it is now being conducted and as it is contemplated to be conducted by this Agreement;

(b) as of the Effective Date, it has the full right, power and authority to enter into this Agreement and to grant the rights granted by it under this Agreement;

(c) as of the Effective Date, there are no existing or, to its knowledge, threatened actions, suits or claims pending with respect to the subject matter of this Agreement or its right to enter into and perform its obligations under this Agreement;

(d) as of the Effective Date, it has taken all necessary action on its part to authorize the execution and delivery of this Agreement and the performance of its obligations under this Agreement;

(e) this Agreement has been duly executed and delivered on behalf of it, and constitutes a legal, valid, binding obligation, enforceable against it in accordance with the terms hereof, subject to the general principles of equity and to bankruptcy, insolvency, moratorium and other similar Laws affecting the enforcement of creditors' rights generally;

(f) as of the Effective Date, all necessary consents, approvals and authorizations of all regulatory and governmental authorities and other Persons required to be obtained by it in connection with the execution and delivery of this Agreement and the performance of its obligations under this Agreement have been obtained; and

(g) the execution and delivery of this Agreement and the performance of its obligations hereunder do not conflict with any of its contractual obligations (except that Acorda makes no representation or warranty with respect to its obligations pursuant to Acorda Third Party Agreements) and do not constitute a default under any of its contractual obligations.

8.2 Additional Representations and Warranties of Acorda . In addition to the representations and warranties made by Acorda in the License Agreement, Acorda represents and warrants that Exhibit A identifies each of the Acorda Supply Agreements that is in full force and effect as of the Effective Date and Acorda has provided Licensee full and complete copies of each such Acorda Supply Agreement

8.3 Additional Covenants of Acorda . Acorda agrees that during the Term:

(a) Acorda shall comply with and give all notices required by any applicable Law relating to Acorda's performance of this Agreement;

(b) Acorda will use Commercially Reasonable Efforts to, within one hundred and eighty (180) days following the Effective Date, enter into an agreement with the Second Source (as defined in the Elan Supply Agreement) governing the supply of Product (the " Second Source Agreement ") to Acorda (including in the event that Elan no longer supplies Acorda under the Elan Supply Agreement) and Licensee shall have the right to review and comment on (but not approve) any such agreement before its execution;

(c) Upon Acorda's execution of the Second Source Agreement, it shall provide Licensee with a true and complete copy of such agreement and, in accordance with Section 3.4, Exhibit A to this Agreement will be amended to include the Second Source Agreement as an Acorda Supply Agreement; and

(d) Acorda shall use Commercially Reasonable Efforts to fulfill its obligations under the Acorda Supply Agreements to the extent such obligations have not been delegated to Licensee and to the extent that failure to do so would materially adversely affect Licensee or its rights hereunder.

8.4 Disclaimer . EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE LICENSE AGREEMENT, NEITHER PARTY, AND IN THE CASE OF ACORDA, ITS LICENSORS AND THIRD PARTY MANUFACTURERS, MAKES ANY REPRESENTATIONS OR EXTENDS ANY WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY, QUALITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, OR VALIDITY OF PATENT CLAIMS.

8.5 Limitation of Damages . EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT AND THE LICENSE AGREEMENT, NEITHER PARTY WILL BE LIABLE TO THE OTHER PARTY OR ITS AFFILIATES FOR SPECIAL, INCIDENTAL, CONSEQUENTIAL EXEMPLARY, PUNITIVE, MULTIPLE OR OTHER INDIRECT DAMAGES, OR FOR LOSS OF PROFITS, LOSS OF DATA, LOSS OF REVENUE, OR LOSS OF USE DAMAGES, ARISING FROM OR RELATING TO THIS AGREEMENT, WHETHER BASED UPON WARRANTY, CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE, REGARDLESS OF ANY NOTICE OF SUCH DAMAGES. NOTHING IN THIS SECTION 8.5 IS INTENDED TO LIMIT OR RESTRICT THE CONFIDENTIALITY OR INDEMNIFICATION RIGHTS OR OBLIGATIONS OF EITHER PARTY UNDER THIS AGREEMENT OR THE LICENSE AGREEMENT.

9. CONFIDENTIALITY

All information provided by one Party to the other Party in connection with this Agreement (including the Specifications, Documentations and Forecasts) is subject to the confidentiality and non-use obligations under Article 10 of the License Agreement, which are hereby incorporated into this Agreement by reference.

10. TERM AND TERMINATION

10.1 Term . This Agreement shall be in effect from the Effective Date and shall continue in effect until terminated pursuant to Section 10.2 (the " Term ").

10.2 Termination . This Agreement may be terminated in accordance with the following sections:

(a) Breach . If either Party (the " Non-Breaching Party ") believes that the other Party (the " Breaching Party ") is in material breach of this Agreement (including any breach of a payment obligation), then the Non-Breaching Party may deliver notice of such breach to the Breaching Party. If the Breaching Party fails to cure such breach within the sixty (60) day period (thirty (30) days in the event of a payment breach) after the Breaching Party's receipt of such notice, the Non-Breaching Party may terminate this Agreement in its entirety upon written notice to the Breaching Party.

(b) Insolvency . To the extent permitted under applicable Law, either Party may terminate this Agreement effective immediately upon written notice (i) if proceedings in voluntary or involuntary bankruptcy shall be initiated by, on behalf of or against the other Party (and, in the case of any such involuntary proceeding, not dismissed within one hundred twenty (120) days), or (ii) if the other Party is adjudicated bankrupt, files a petition under insolvency Laws, is dissolved or has a receiver appointed for substantially all of its property.

(c) Termination of License Agreement . This Agreement shall automatically terminate upon the expiration or termination of the License Agreement.

10.3 Rights Upon Termination .

(a) In the event this Agreement is terminated pursuant to Section 10.2, (i) any and all outstanding undisputed payments due from Licensee for Product under Purchase Orders already delivered by Acorda in accordance with this Agreement shall become immediately due and payable and (ii) in accordance with Section 6.2, Licensee shall be responsible for paying the Transfer Price invoiced to Acorda by its Third Party manufacturers for any Product ordered under any Purchase Order delivered to Acorda as of the date of such termination.

(b) In the event this Agreement is terminated by Licensee pursuant to Section 10.2(a), upon Licensee's request, Acorda will agree to waive the exclusivity requirement pursuant to Section 2.2 of the Elan Supply Agreement solely in order to permit Licensee to negotiate terms with Elan for the supply of Product to Licensee in the Territory; provided , that

nothing in this Section 10.3 shall impose any obligation on Elan to enter into negotiations with Licensee to supply Licensee Product.

10.4 Effect of Termination . Termination of this Agreement for any reason is without prejudice to the Parties' accrued rights and shall not be construed to release either Party of any obligation matured prior to the effective date of such termination.

10.5 Survival . The following provisions shall survive the expiration or termination of this Agreement: Articles 9, 11 and 12, and Sections 5.3(d), 5.4, 6.4, 6.5, 6.6, 8.4, 8.5, 10.3, 10.4 and 10.5.

11. GOVERNING LAW

11.1 Governing Law . This Agreement shall be governed by and construed in accordance with the laws of the State of New York, excluding (a) any principle of conflict or choice of laws choice of laws that would cause the application of the Laws of any other jurisdiction; (b) the United Nations Convention on Contracts for the International Sale of Goods; (c) the 1974 Convention on the Limitation Period in the International Sale of Goods; and (d) the Protocol amending the 1974 Convention on the Limitation Period in the International Sale of Goods, done at Vienna, April 11, 1980.

11.2 Dispute Resolution . With respect to any disputes between the Parties concerning this Agreement which are not resolved pursuant to Section 2.4 or as otherwise explicitly set forth in this Agreement or the License Agreement, each Party will be free to pursue all rights available to it under law or equity.

12. MISCELLANEOUS

12.1 Notices . Notices to Licensee shall be addressed to:

Biogen Idec International GmbH

Landis & Gyr Strasse 3

CH-6300 Zug, Switzerland

Attention: Francis Marsland, VP Chief International Counsel

Fax: +41 41 392 1718

With a copy to:

Biogen Idec, Inc.

14 Cambridge Center

Cambridge, MA 02142

Attention : General Counsel

Fax: 866-546-2758

Notices to Acorda shall be addressed to:

Acorda Therapeutics, Inc.
15 Skyline Drive
Hawthorne, New York 10532, USA
Attention: Chief Executive Officer
Fax: +1 914.347.4560

With a copy to:

Acorda Therapeutics, Inc.
15 Skyline Drive
Hawthorne, New York 10532, USA
Attention: General Counsel
Fax: +1 914.347.4560

Any Party may change its address by giving notice to the other Party in the manner provided in this Section 12.1. Any notice required or provided for by the terms of this Agreement shall be in writing, in the English language, and shall be (a) sent by certified or registered mail, return receipt requested, postage prepaid, (b) sent via a reputable overnight international courier service, (c) sent by facsimile transmission, or (d) delivered by hand. The effective date of the notice shall be the actual date of receipt by the receiving Party.

12.2 Entire Agreement . This Agreement, the License Agreement and the Elan Consent constitute the entire agreement among the Parties with respect to the subject matter herein and therein and supersede all previous agreements (including the Prior Confidentiality Agreement), whether written or oral, with respect to such subject matter.

12.3 Amendment and Waiver . This Agreement may not be amended, nor any rights hereunder waived, except in a writing signed by the properly authorized representatives of each Party.

12.4 No Implied Waivers . The waiver by a Party of a breach of any provision of this Agreement by the other Party shall not be construed as a waiver of any succeeding breach of the same or any other provision, nor shall any delay or omission on the part of a Party to exercise or avail itself of any right that it has or may have hereunder operate as a waiver of any right by such Party.

12.5 Order of Precedence . In the event of a conflict or inconsistency between any of the terms of this Agreement (including all attachments and exhibits) and the License Agreement, the Parties shall enter into good faith discussions regarding the intended interpretation of the terms underlying such inconsistency or conflict and, if such dispute cannot be resolved by the Parties within thirty (30) days, each Party shall have available to it all rights under Section 11.2. Any amendments to these documents on which the Parties may agree to in accordance with the terms of each document shall take precedence over any conflicting terms in the prior release of each document. Each Party shall promptly report to the other in writing any inconsistencies in these documents.

12.6 Covenant of Further Assurances . The Parties covenant and agree that, subsequent to the execution and delivery of this Agreement and without any additional consideration, each of the Parties shall execute and deliver any further legal instruments and perform such acts which are or may become reasonably necessary to effectuate the purposes of this Agreement.

12.7 Relationship . The Parties shall be deemed independent contractors for all purposes hereunder. This Agreement does not constitute a partnership, joint venture or agency between the Parties. Neither Party is an agent of the other Party and has no authority to represent the other Party as to any matters.

12.8 Severability . If, under applicable Law, any provision of this Agreement is invalid or unenforceable, or otherwise directly or indirectly affects the validity of any other material provision(s) of this Agreement (" Severed Clause "), the Parties mutually agree that this Agreement shall endure except for the Severed Clause. The Parties shall consult and use their best efforts to agree upon a valid and enforceable provision which shall be a reasonable substitute for such Severed Clause in light of the intent of this Agreement.

12.9 Assignment . Neither this Agreement nor any of the rights or obligations hereunder may be assigned by a Party without the prior written consent of the other Party, except (a) each Party may assign this Agreement, in whole or in part, to an Affiliate of the assigning Party, only for so long as such assignee remains an Affiliate of the assigning Party; provided , that the assigning Party shall remain primarily liable for performance of its obligations hereunder, notwithstanding such assignment; and (b) each Party may assign this Agreement, in whole, to a Third Party that acquires, by merger, sale of assets or otherwise, all or substantially all of the business of the assigning Party to which the subject matter of this Agreement relates. Notwithstanding the foregoing, in no event shall either Party assign this Agreement to any Third Party or an Affiliate unless such Party also assigns the License Agreement to such Third Party or Affiliate. Any assignment not in accordance with the foregoing shall be void. Subject to the foregoing, this Agreement shall be binding upon, and shall inure to the benefit of, all permitted successors and assigns.

12.10 Force Majeure . Neither Party will be deemed to have breached this Agreement for failure or delay in fulfilling or performing any provision of this Agreement when such failure or delay results from causes beyond the reasonable control of the affected Party, which may include embargoes, acts of war (whether declared or not), insurrections, riots, civil commotions, acts of terrorism, strikes, lockouts or other labor disturbances, supply failures of Acorda's Third party manufacturers of Product, failure to act by Elan or its Affiliates, or acts of God. The affected Party will notify the other Party of such force majeure circumstances as soon as the affected Party becomes aware of the same (including its best estimate of the likely extent and duration of the interference with its activities) and will make every reasonable effort to mitigate the effects of such force majeure circumstances. If a Party is so delayed and such failure or omission is not cured within ninety (90) days, the other Party may terminate this Agreement.

12.11 Export Compliance . The Parties acknowledge that the exportation from the United States or any other country of materials, products and related technical data (and the re-export from elsewhere of items originating in a particular country) may be subject to compliance

with relevant export Laws, including Laws which restrict export, re-export and release of materials, products and their related technical data, and the direct products of such technical data. The Parties agree to comply with all export Laws and to commit no act that, directly or indirectly, would violate any Law, or any other international treaty or agreement, relating to the export, re-export, or release of any materials, products or their related technical data to which the United States adheres or with which the United States complies.

12.12 Performance by Affiliates and Third Party Distributors . To the extent that this Agreement imposes obligations on Affiliates of a Party and, in the case of Licensee, its Third Party Distributors, such Party agrees to cause such Party's Affiliates, and, in the case of Licensee, its Third Party Distributors, to perform such obligations.

12.13 Counterparts and Facsimile Signatures . This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Signatures provided by facsimile transmission or in Adobe™ Portable Document Format (PDF) sent by electronic mail shall be deemed to be original signatures.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their respective officers hereunto duly authorized as of the Effective Date.

ACORDA THERAPEUTICS, INC.
By: /s/ Ron Cohen
Name: Ron Cohen
Title: Chief Executive Officer

BIOGEN IDEC INTERNATIONAL GMBH
By: /s/ Anders Lundstrom
Name: Anders Lundstrom
Title: SVP, Head of Int'l

[Signature Page to Supply Agreement]

Exhibit A

Acorda Supply Agreements

This Exhibit A contains a list of certain agreements in effect as of the Effective Date between Acorda and certain Third Parties, as amended from time to time in accordance with this Agreement, that place certain encumbrances and limitations on the rights granted to Licensee hereunder and impose certain obligations on Licensee.

- Amended and Restated License Agreement between Elan Corporation plc and Acorda, dated September 26, 2003
- Supply Agreement between Elan Pharma International Limited and Acorda, dated September 26, 2003
- Technical Agreement between Elan Pharma International Limited and Acorda, dated December 19, 2005
- Patheon Inc. Proposal No. ELN-FQ-0001-1002-RF, entitled “Fampridine Tablets (10mg, 20mg, 25mg) Technical Transfer Program Proposal for Commercial Registration for Acorda Therapeutics, dated February 26, 2003
- Elan Consent

FINAL

DATED – MAY 21, 2010

BIOGEN IDEC INTERNATIONAL GMBH

AND

ACORDA THERAPEUTICS, INC.

_____

ADDENDUM #1 TO THE COLLABORATION AND LICENSE AGREEMENT AND SUPPLY AGREEMENT BETWEEN ACORDA THERAPEUTICS, INC AND BIOGEN IDEC INTERNATIONAL GMBH

_____

CERTAIN PORTIONS OF THIS DOCUMENT HAVE BEEN OMITTED PURSUANT TO A CONFIDENTIAL TREATMENT REQUEST. SUCH OMITTED PORTIONS, WHICH ARE MARKED WITH BRACKETS [ ] AND AN ASTERISK*, HAVE BEEN SEPARATELY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION .

FINAL

ADDENDUM #1 TO THE COLLABORATION AND LICENSE AGREEMENT AND SUPPLY AGREEMENT

This Addendum #1 (the ***Addendum #1***) is made as of the Effective Date between:

Biogen Idec International GmbH a company incorporated in Switzerland, whose registered office is at Landis & Gyr Strasse, 6300 Zug, Switzerland

(***Biogen Idec***)

Acorda Therapeutics, Inc., a company incorporated in Delaware, whose registered office is at 15 Skyline Drive, Hawthorne, New York 10532, USA

(***Acorda)***

(together the ***Parties*** and individually a ***Party***)

RECITALS

Whereas Acorda and Biogen Idec have entered into a collaboration and license agreement dated June 30, 2009, for Fampridine Product in the Territory (the " ***License Agreement*** ").

Whereas the Parties have entered into an Agreement regarding supply of Fampridine Product to Biogen Idec in the Territory, dated June 30, 2009, (the " ***Supply Agreement*** ").

Whereas the Ampyra™ Product received Regulatory Approval in the USA.

Whereas the Fampridine Product has not received Regulatory Approval in the Territory.

Whereas Acorda and/or Biogen Idec may receive requests for Named Patient Supply of the Product in the Territory.

Whereas Biogen Idec and Acorda agree that Biogen Idec is responsible for such requests and Named Patient Supply.

NOW THEREFORE , in consideration of the premises and mutual covenants herein contained, the Parties hereby agree as follows:

1. DEFINITIONS

For purposes of this Addendum #1 the following terms shall have the following meanings:

Acorda Site means any distribution warehouse designated by Acorda in the USA for the shipment of Product to Biogen Idec.

Ampyra ™ Product means the presentations of the pharmaceutical product Ampyra™ approved by the US Food and Drug Administration for sale in the USA by Acorda.

Changeover Date means thirty *(* 30) days after the date the Fampridine Product is granted a Regulatory Approval in any country in the Territory.

Effective Date shall mean 21 May 2010.

Fampridine Product means each presentation of the pharmaceutical product of fampridine prolonged release tablets as approved by the relevant Regulatory Approval for sale in a country in the Territory. "Fampridine Product" is referred to in the License Agreement as "Licensed Product" and in the Supply Agreement as "Product."

Named Patient Supply means the controlled provision of the Product prior to Regulatory Approval in a given country in the Territory in response to a bona fide, unsolicited request in accordance with the specifications of an authorised health care professional and for use by an individual patient and in compliance with all applicable laws, directives and regulations. For the purposes of this Addendum #1, "Named Patient Supply" also includes the gratuitous provision of the Product to patients on a per patient basis (sometimes also referred to "compassionate use") in accordance with the applicable laws, directives and regulations of the country in which the individual patient is prescribed the Product.

Product means the Ampyra™ Product and the Fampridine Product.

REMS means Risk Evaluation and Mitigation Strategies.

Unless the context otherwise requires, all other capitalised terms and expressions used in this Addendum #1 that are defined in the Supply Agreement and the License Agreement shall have the same meaning when used in this Addendum #1.

The Addendum #1 shall solely apply to the supply of Products as Named Patient Supply.

2. RESPONSIBILITY OF BIOGEN IDEC

2.1 Biogen Idec shall be responsible for responding to and otherwise addressing all requests for Named Patient Supply in the Territory, including requests received by Acorda from physicians outside of the USA, which requests Acorda shall forward to Biogen Idec. Biogen Idec shall under no circumstances solicit such requests for or promote the availability of Named Patient Supply.

2.2 Biogen Idec shall promptly designate qualified employees with medical and/or scientific training in its local or regional Medical Affairs Departments (" **Designated Employees** ") who will be responsible for reviewing all requests received by Biogen Idec (including requests referred to it by Acorda or Wholesaler) for Named Patient Supply. Biogen Idec shall ensure that such requests are handled in accordance with all applicable laws, directives and regulations, including, but not limited to, all necessary licenses, consents and approvals from and for the physician, the third party international wholesaler designated by Biogen Idec (" **Wholesaler** "), and the patients.

2.3 Biogen Idec acknowledges that Elan has agreed to provide a maximum of [*****] bottles/units of 60 tablets of Product for Named Patient Supply from April 2010 through August 2011. Should Biogen Idec wish to secure additional supplies of Product for Named Patient Supply in the Territory prior to August 2011 or provide Product for Named Patient Supply beyond August 2011, Biogen Idec shall consult with and obtain the written approval of Elan and Acorda, and the parties shall work together to execute a written agreement related thereto. For the purposes of clarity, no Ampyra™ Product shall be made available to Biogen Idec after the Changeover Date.

2.4 Acorda shall make available to Biogen Idec for Named Patient Sales, only Ampyra™ Product that has been released by Acorda for sale in the US.

2.5 Subject to Section 2.3, Biogen Idec:

(a) shall use Ampyra™ Product for Named Patient Supply in the Territory until the Changeover Date.

(b) shall use Fampridine Product for Named Patient Supply in the Territory after the Changeover Date.

For the purpose of clarity, Biogen Idec shall not be entitled to use Ampyra™ Product for Named Patient Supply in any country in the Territory after the Changeover Date.

2.6 Biogen Idec shall ensure that requests from physicians, third parties, the international wholesaler designated by Biogen Idec (" ***Wholesaler*** "), and patients are handled in accordance with all applicable laws, directives and regulations, including, but not limited to, all necessary licenses, consents and approvals.

2.7 Biogen Idec shall forward requests received from Acorda or received by Biogen Idec to the Wholesaler, unless Biogen Idec determines that Biogen Idec or its Affiliates or distributors will supply Fampridine Product instead of using the Wholesaler. As of the Effective Date, the Wholesaler is Durbin plc (" ***Durbin*** "), which Biogen Idec in its sole discretion may add to, remove or change to any other international wholesaler qualified and licensed to distribute, and properly experienced in distributing, Named Patient Supply, upon prompt notice to Acorda. Biogen Idec shall be responsible for all activities of and with the Wholesaler, including ensuring that the Wholesaler (and any importer outside the UK used by Wholesaler in the proposed country of Named Patient Supply) is properly qualified in those countries into which the Product is provided and coordination and contracting with the Wholesaler. Biogen Idec agrees that Acorda shall have no liability as to or relationship with the Wholesaler, notwithstanding that Acorda or its agents may ship Product to the Wholesaler from time to time as requested by Biogen Idec.

2.8 Biogen Idec will purchase the Product from Acorda and until Biogen Idec determines that Biogen Idec or its Affiliates or distributors will supply Fampridine Product instead of using the Wholesaler, it will (a) sell it to the Wholesaler, who will sell the Product in the Territory in its own name and on its account, and (b) determine the selling price of the Product to the Wholesaler and the maximum selling price of the Product by the Wholesaler.

2.9 Biogen Idec or the Wholesaler, with prior written approval from Biogen Idec, shall arrange collection of the Product from the Acorda Site and delivery to the importer. Acorda shall deliver the Product ordered Incoterms 2000 EXW. Title to and risk in the Product shall transfer to Biogen Idec upon collection from the Acorda Site, whether collected or arranged to be collected by Biogen Idec or by the Wholesaler with prior approval from Biogen Idec to release to such Wholesaler.

2.10 Biogen Idec shall require the Wholesaler to comply with all applicable laws, directives and regulations relating to the import and export of the Product into or out of each country for which Biogen Idec requests Product. Biogen Idec is solely responsible for setting up processes to monitor the Wholesaler's compliance with applicable laws, directives and regulations.

3. ORDERS, FEES AND COSTS

3.1 Binding purchase orders shall be placed at least ten (10) working days prior to the proposed pick-up date at the Acorda Site. Biogen Idec shall only order the amount of Ampyra™ Product reasonably needed to fulfill requests for Named Patient Supply, based on commercially reasonable estimates. Biogen Idec shall not stockpile Ampyra™ Product beyond such amounts.

3.2 All Purchase Orders should be emailed to all of the following Acorda contacts:

Ann C. Schaefer
Manager-Supply Chain
Phone: 914-347-4300 x168
aschaefer@acorda.com

Rohini D'Souza
Associate Director, Technical Operations
Phone: 914-347-4300 x171
rdsouza@acorda.com

Bill Dollard
Sr. Director, Technical Operations
Phone: 914-347-4300 x111
bdollard@acorda.com

Jennifer Burstein
Acorda Therapeutics, Inc.
15 Skyline Drive
Hawthorne, NY 10532
Phone: 914-347-4300
jburstein@acorda.com

3.3 **Invoice Price** . The Product will be supplied to Biogen Idec at [*****] percent of Biogen's [*****], which, notwithstanding Section 2.8 above or any changes made pursuant thereto, is agreed upon by the Parties to be [*****] per bottle/unit (the " ***Invoice Price***)." Any necessary reconciliation to actual price will be made pursuant to section 3.4 of this Agreement.

3.4 Reconciliation of the final amount payable by Biogen Idec for each unit of Product provided pursuant to this Agreement shall be made in accordance with the reporting process provided in Section 8.5 of the License Agreement as follows:

(a) For Product provided as Named Patient Supply at no cost and for which Biogen Idec does not apply for and does not intend to apply for reimbursement by a government or private payor or for which such reimbursement has been finally rejected, the Invoice Price will be reconciled to Manufacturing Costs plus [*****], which reconciliation shall be made by calculating the difference, per bottle/unit as X – Y

where "X" is the Invoice Price and "Y" is the Manufacturing Cost plus [*****]. Any credit owed shall be credited to the account of the party owed, or, as the case may be, made in accordance with Section 8.5 of the License Agreement. Acorda and Biogen Idec acknowledge and agree that reconciliation under this Section 3.4(a) is based on the categorization of the Product as samples under Section 9.2 of the Supply Agreement between Acorda and Elan Corporation, PLC dated September 2003, as agreed upon by Elan and is subject to the limit set forth in Section 2.3 herein. In the event that Elan determines that any Product is not to be treated as a sample under Section 9.2, the Product shall be treated as a sale, and Biogen Idec agrees to pay for such Product as set forth under Section 3.4(b) of this Agreement, including payment of royalties, in the amount and within the timeframe specified in Section 3.5 of this Agreement. In the event Elan objects to the categorization of the Product as a sample after Acorda has provided a credit to Biogen Idec under this Section 3.4(a), Biogen Idec shall promptly reimburse Acorda for the amount of such credit.

(b) For Product provided as Named Patient Supply sold at any cost or for which reimbursement is obtained, the applicable selling price, milestone payments and royalties shall be calculated as set forth in the License Agreement with respect to commercial sales of Product, and payment shall be made to Acorda in accordance with Section 8.5 of the License Agreement.

(c) For Product provided as Named Patient Supply at no cost and for which Biogen Idec intends to apply for or is awaiting a decision regarding reimbursement, the quantity of such affected Product shall be identified on the applicable monthly sales report to Acorda and no reconciliation as described in section 3.4(a), above, shall take place unless and until Biogen Idec receives a written decision on reimbursement, at which time the Invoice Price of the affected Product shall be reconciled based on the reimbursement determination, in accordance with Section 3.4(a) or Section 3.4(b) herein, as applicable.

3.5 Payment by Biogen Idec of the Invoice Price for all units of Product supplied by Acorda pursuant to this Addendum #1 shall be made within forty five (45) days from the date of receipt of Acorda's relevant invoice by transfer in US Dollars pursuant to Article 6.4 of the Supply Agreement. With the exception of Product provided as Named Patient Supply under Section 3.4(c), reconciliation and payment of the Transfer Price as well as payment of the applicable royalties shall be made in accordance with Sections 8.3 and 8.5 of the License Agreement.

3.6 If a dispute arises as to the selling price, milestone and/or royalty obligations due for a Product, Biogen Idec shall promptly pay such price, milestone and/or royalty amounts in full notwithstanding the dispute, and resolve such dispute pursuant to the dispute resolution provisions in Article 3.5 of the License Agreement.

4. MEDICAL EDUCATION, TRAINING, PHARMACOVIGILANCE and ADVERSE EVENT REPORTING

4.1 Biogen Idec will ensure that all Biogen Idec Designated Employees and all personnel of Wholesaler that are responsible for the provision of medical information to prescribers of the Product are fully trained on risks, benefits and appropriate usage of the Product and regarding all applicable legal and regulatory requirements relating to Named Patient Supply, and that only such Designated Employees and personnel shall provide Product and safety information to such prescribers, at all times in accordance with Acorda's REMS and with applicable laws, directives and regulations in relation to Named Patient Supply

communications in the Territory. Biogen Idec's Designated Employees shall also be responsible for provision of medical information, training on risk, benefits and appropriate usage of the Fampridine Product when patients are switched from Ampyra™ Product to the Fampridine Product.

4.2 Biogen Idec shall ensure that, in compliance with all applicable laws, directives and regulations, with respect to the Product within the scope of this Addendum #1, the importer(s), prescribers and patients to whom Product is supplied on a Named Patient Supply basis are provided with and educated regarding all medical, scientific and other information necessary for them to fully understand the risks, benefits and proper usage of the Product, including, but not limited to, the FDA-approved Ampyra Prescribing Information (including Medication Guide) as may be amended or updated from time to time and information equivalent to that contained in the Dear Prescriber letters distributed under the Ampyra REMS. Biogen shall ensure that, unless in the reasonable opinion of Biogen Idec based on accepted pharmaceutical industry and medical practice in a country, English is the well-accepted language of communication in the industry, profession and with patients, all such communications are translated by a certified translation service into the official language of any country into which the Product is provided. Biogen Idec also shall ensure that Designated Employees meet (in person or, if that is not feasible, by telephone) with each physician requesting the Product prior to its being supplied to such physician or to the patient that is the subject of the request for Named Patient Supply.

4.3 Biogen Idec will set up appropriate processes and procedures for adverse event reporting for use of the Product and provide all such information to Acorda, as agreed upon in the Safety Data Exchange Agreement between the Parties effective January 1, 2010.

5. TERM AND TERMINATION

In addition to the termination provisions contained in the License Agreement and the Supply Agreement, this Addendum #1 shall become effective on the Effective Date and shall continue until the earlier of:

5.1 thirty (30) days after the date the Fampridine Product receives Regulatory Approval in any jurisdiction in the Territory; and

5.2 subject to Section 5.1, until Product volumes for Named Patient Supply either (i) reach the maximum volume amount agreed by Elan for Named Patient Supply set forth in Section 2.3 (whether Amprya™ Product or Fampridine Product) or (ii) after August 2011, unless a written agreement extending such date or increasing such amount is entered into by the Parties and Elan.

6. LIABILITY, INDEMNIFICATION

THE INDEMNIFICATION OBLIGATIONS OF ACORDA UNDER SECTION 11.2 OF THE LICENSE AGREEMENT DO NOT APPLY WITH RESPECT TO THE SUBJECT MATTER OF (INCLUDING PRODUCT SUPPLIED UNDER) THIS ADDENDUM #1. THE PRODUCT IS BEING PROVIDED TO BIOGEN IDEC "AS-IS" WITH NO REPRESENTATIONS OR WARRANTIES OF ANY KIND. ACORDA ASSUMES NO LIABILITY FOR ANY SPECIAL, DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, EXEMPLARY, PUNITIVE, MULTIPLE OR OTHER INDIRECT DAMAGES ARISING OUT OF OR RELATING TO THIS

ADDENDUM #1, WHETHER BASED ON CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE. BIOGEN IDEC AGREES THAT IT IS SOLELY RESPONSIBLE FOR ALL ACTIVITIES ARISING OUT OF AND RELATING TO THIS ADDENDUM #1 AND/OR TO NAMED PATIENT SUPPLY IN THE TERRITORY.

7. MISCELLANEOUS

Except to the extent expressly modified in this Addendum #1, the provisions of the License and Supply Agreements shall apply to Named Patient Supply made pursuant to this Addendum #1.

IN WITNESS WHEREOF , the authorised signatories of the Parties have executed this Addendum #1 as of the Effective Date.

BIOGEN IDEC INTERNATIONAL GMBH

/s/ A R Keating
Name:A R Keating
Title: MP Int Quality
Date: 25 May 2010

BIOGEN IDEC INTERNATIONAL GMBH

/s/ Francis Marsland
Name: Francis Marsland
Title: Authorised Signatory
Date: 27 May 2010

ACORDA THERAPEUTICS, INC.

/s/ David Lawrence
Name: David Lawrence
Title: Chief Financial Officer
Date: May 21, 2010

DATED AS OF – MAY 16, 2011 (the "Effective Date")

BIOGEN IDEC INTERNATIONAL GMBH

AND

ACORDA THERAPEUTICS, INC.

_____

AMENDMENT #1 TO ADDENDUM #1 TO THE COLLABORATION AND LICENSE AGREEMENT AND SUPPLY AGREEMENT BETWEEN ACORDA THERAPEUTICS, INC AND BIOGEN IDEC INTERNATIONAL GMBH

_____

AMENDMENT #1 TO ADDENDUM #1 TO THE COLLABORATION AND LICENSE AGREEMENT AND SUPPLY AGREEMENT

This Amendment #1 to Addendum #1 to the Collaboration and License and Supply Agreement (**Amendment #1 to Addendum #1)** i **s** made as of the Effective Date between:

Biogen Idec International GmbH a company incorporated in Switzerland, whose registered office is at Landis & Gyr Strasse, 6300 Zug, Switzerland

(***Biogen Idec***)

Acorda Therapeutics, Inc., a company incorporated in Delaware, whose registered office is at 15 Skyline Drive, Hawthorne, New York 10532, USA

(***Acorda)***

(together the ***Parties*** and individually a ***Party***)

RECITALS

Whereas Acorda and Biogen Idec have entered into a collaboration and license agreement dated June 30, 2009, as amended for Fampridine Product in the Territory (the " ***License Agreement*** ").

Whereas the Parties have entered into an Agreement regarding supply of Fampridine Product to Biogen Idec in the Territory, dated June 30, 2009, (the " ***Supply Agreement*** ").

Whereas the Ampyra® Product received Regulatory Approval in the USA.

Whereas the Fampridine Product has not received Regulatory Approval in the Territory.

Whereas Acorda and/or Biogen Idec receives requests for Named Patient Supply of the Product in the Territory.

Whereas Biogen Idec and Acorda agree that Biogen Idec is responsible for such requests and Named Patient Supply and entered into Addendum #1 to the Collaboration and License Agreement and Supply Agreement with Acorda dated and effective May 21, 2010, (**Addendum#1**) related thereto; and

Whereas, Biogen Idec and Acorda now wish to execute this Amendment #1 to Addendum #1 as of the Effective Date to provide for the possible implications to Named Patient Supply related to the timing of the receipt of Regulatory Approval in the Territory.

NOW THEREFORE , in consideration of the premises and mutual covenants herein contained, the Parties hereby agree as follows:

AGREEMENT

1. The definition of "Changeover Date" in **Section 1** is deleted and replaced with language that reads as follows:

" ***Changeover Date*** means ninety *(* 90) days after the date the Fampridine Product is granted a Regulatory Approval in any country in the Territory."

2. The last sentence of **Section 2.3** is deleted and replaced with a new sentence that reads as follows:

"For the purposes of clarity, no Product for Named Patient Supply shall be made available to Biogen Idec after August 2011, unless agreed upon by Biogen Idec, Acorda and Elan and set forth in a written amendment to this Addendum #1. "

3. **Section 5.1** and **Section 5.2** are hereby deleted and replaced with a **new Section 5.1** and **Section 5.2** that reads as follows:

"5.1 ninety (90) days after the date the Fampridine Product receives Regulatory Approval in any jurisdiction in the Territory; and

5.2 subject to Section 5.1, until Product volumes for Named Patient Supply either (i) reach the maximum volume amount agreed by Elan for Named Patient Supply set forth in Section 2.3 (whether Amprya® Product or Fampridine Product) or (ii) after August 2011, unless a written agreement extending such date or increasing such amount is entered into by the Parties and Elan."

4. Except as expressly modified by this Amendment #1, all terms and conditions of Addendum #1 remain in full force and effect.

(Signature page follows)

IN WITNESS WHEREOF , the authorised signatories of the Parties have executed this Amendment #1 to Addendum #1 as of the Effective Date.

BIOGEN IDEC INTERNATIONAL GMBH

/s/ Ann M. Nunes
Name: Ann M. Nunes
Title: Sr. Director, Global Commercial Drug Supply
Date: 24 May 2011

BIOGEN IDEC INTERNATIONAL GMBH

/s/ Thomas Lackner
Name: Thomas Lackner
Title: VP Int'l Commercial
Date: May 23, 2011

ACORDA THERAPEUTICS, INC.

/s/ David Lawrence
Name: David Lawrence
Title: Chief Financial Officer
Date: 5-16-11

CONFIDENTIAL

EFFECTIVE DATE – August 28, 2010

BIOGEN IDEC INTERNATIONAL GMBH

AND

ACORDA THERAPEUTICS, INC.

ADDENDUM #2 TO THE SUPPLY AGREEMENT BETWEEN ACORDA THERAPEUTICS, INC AND BIOGEN IDEC INTERNATIONAL GMBH DATED JUNE 30, 2009, AS AMENDED

CERTAIN PORTIONS OF THIS DOCUMENT HAVE BEEN OMITTED PURSUANT TO A CONFIDENTIAL TREATMENT REQUEST. SUCH OMITTED PORTIONS, WHICH ARE MARKED WITH BRACKETS [ ] AND AN ASTERISK*, HAVE BEEN SEPARATELY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.

CONFIDENTIAL

ADDENDUM #2 TO THE SUPPLY AGREEMENT

This Addendum #2 (the ***Addendum #2***) is made as of the Effective Date between:

Biogen Idec International GmbH a company incorporated in Switzerland, whose registered office is at Landis & Gyr Strasse, 6300 Zug, Switzerland, (***Biogen Idec***)

Acorda Therapeutics, Inc., a company incorporated in Delaware, whose registered office is at 15 Skyline Drive, Hawthorne, NY 10532, USA, (***Acorda)***

(together the ***Parties*** and individually a ***Party***)

RECITALS

Whereas, the Parties entered into a Collaboration and License Agreement dated June 30, 2009, as amended, for Product in the Territory (the " ***License Agreement*** ").

Whereas, the Parties entered into an Agreement regarding supply of Product to Biogen Idec in the Territory, dated June 30, 2009, as amended, (the " ***Supply Agreement*** ");

Whereas, the Supply Agreement has certain provisions related to Launch Stock and Safety Stock for Product; and

Whereas, Biogen Idec has requested an amendment to the Supply Agreement and related to requirements for Launch Stock and Safety Stock for Product in order to adhere to country standards and requirements, and Acorda desires to grant such amendment, in accordance with the terms and conditions of this Amendment #2.

AGREEMENT

In consideration of the premises and mutual covenants herein contained, the Parties hereby agree as follows:

1. **Definitions .** Unless the context otherwise requires, all other capitalised terms and expressions used in this Addendum #2 that are defined in the Supply Agreement and the License Agreement shall have the same meaning when used in this Addendum #2.

2. **Section 4.4 Launch Stock** of the Supply Agreement is hereby deleted and replaced with a new Section 4.4 that reads as follows:

> " Launch Stocks ." At least [*****] prior to an anticipated Regulatory Approval in a Major Market Country, the Parties shall discuss and agree upon the manufacture and purchase of specific quantities of Launch Stocks for the launch of Product in the applicable Major Market Country. Launch Stocks shall be ordered not later than [*****] from receipt of an approval letter form a Regulatory Authority in respect of a NDA in each such Major Market Country."

[Remainder of page intentionally left blank]

3. **Section 4.8 Safety Stock** of the Supply Agreement is hereby deleted and replaced with a new Section 4.8 that reads as follows:

" Safety Stock ."

(a) Major Market Countries . Licensee shall maintain, prior to Regulatory Approval of Product in the Field in Major Market Countries and until [*****] after such Regulatory Approval of Product in the Field in Major Market Countries, safety stock of [*****] supply of Product, measured, as of any date, based on Licensee's Forecast. Licensee shall maintain [*****] of safety stock in Major Market Countries beginning [*****] after Regulatory Approval and throughout the Term measured, as of any date, by Licensee's Forecast. All safety stock shall be maintained at Licensee's own risk and expense.

(b) Other Countries . In other countries in the Territory (for the purposes of clarity, except the Major Market Countries), Licensee shall maintain, prior to Regulatory Approval of Product in the Field in such other country in the Territory and throughout the Term after such Regulatory Approval in such other country in the Territory, safety stock of [*****] supply of Product, measured, as of any date, based on Licensee's Forecast. All safety stock shall be maintained at Licensee's own risk and expense.

(c) Country Requirements . In the event that the safety stock requirements above do not adhere to the legal or regulatory requirements in any country in the Territory, Licensee shall provide Acorda with a listing of such country requirements and Acorda and Licensee, through the JMC, will work together in good faith to agree on an appropriate adjustment to the safety stock levels. If the JMC fails to reach unanimous agreement on the matter for a period in excess of [*****], the matter shall be referred to the JSC in accordance with Section 2.4 of the Supply Agreement.

(d) In the event that Licensee depletes its supply of Product in any country due to maintaining low levels of safety stock, Acorda will not adjust its orders for Product in the Acorda Territory to accommodate Licensee's needs.

4. Except to the extent expressly modified in this Amendment #2, the terms and conditions of the Agreement shall remain in full force and effect.

[Signature page follows]

The authorised signatories of the Parties have executed this Addendum #2 as of the Effective Date.

BIOGEN IDEC INTERNATIONAL GMBH

By: /s/Anne M. Nunez
Name: Anne M. Nunez
Title: Director, European Operations

ACORDA THERAPEUTICS, INC.

By: /s/ Ron Cohen
Ron Cohen
President and Chief Executive Officer

EXHIBIT 31.1

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Ron Cohen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Acorda Therapeutics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2014

/s/ RON COHEN

Ron Cohen
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION BY THE CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Michael Rogers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Acorda Therapeutics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2014

/s/ MICHAEL ROGERS

Michael Rogers
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Acorda Therapeutics, Inc. (the "Company") for the fiscal quarter ended June 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ron Cohen, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ RON COHEN
RON COHEN
Chief Executive Officer
(Principal Executive Officer)
August 7, 2014

[A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Acorda Therapeutics, Inc. and will be retained by Acorda Therapeutics, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.]

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Acorda Therapeutics, Inc. (the "Company") for the fiscal quarter ended June 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Rogers, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ MICHAEL ROGERS
MICHAEL ROGERS
Chief Financial Officer
(Principal Financial Officer)
August 7, 2014

[A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Acorda Therapeutics, Inc. and will be retained by Acorda Therapeutics, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.]