

# ACORDA THERAPEUTICS INC

## FORM 424B3

(Prospectus filed pursuant to Rule 424(b)(3))

Filed 02/20/07

|             |  |
|-------------|--|
| Address     | 420 SAW MILL RIVER ROAD<br>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  |

Prospectus Supplement No. 1  
(To Prospectus Dated December 12, 2006)

**ACORDA THERAPEUTICS, INC.**

Prospectus Supplement  
Dated February 20, 2007

This document supplements the information in our prospectus dated December 12, 2006, relating to the resale of 3,230,769 shares of our common stock. This prospectus supplement should be read in conjunction with, and may not be delivered or utilized without, the prospectus dated December 12, 2006. The registration statement on Form S-1 to which this prospectus supplement relates was declared effective by the Securities and Exchange Commission on November 20, 2006. This prospectus supplement contains information that was set forth in an exhibit to a Current Report on Form 8-K filed with the Securities and Exchange Commission on February 20, 2007 with respect to our announcement on that date of our fourth quarter and full year 2006 unaudited financial results.

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## Unaudited Financial Results

**Zanaflex Gross Sales** - For the fourth quarter ended December 31, 2006, we reported gross sales of Zanaflex Capsules <sup>TM</sup> of \$6.9 million and gross sales of Zanaflex <sup>®</sup> tablets of \$1.3 million providing combined gross sales of \$8.2 million, compared to \$2.7 million in combined gross sales for the same quarter in 2005. For the full year ended December 31, 2006, we reported gross sales of Zanaflex Capsules of \$18.1 million and gross sales of Zanaflex tablets of \$8.4 million providing combined gross sales of \$26.5 million, compared to \$5.9 million in combined gross sales for the same period in 2005. Gross sales are recognized using a deferred revenue recognition model, meaning Zanaflex product shipments to wholesalers are recorded as deferred revenue and only

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recognized as revenue when end-user prescriptions of Zanaflex Capsules and tablets are reported.

**Zanaflex Shipments** - Zanaflex Capsules shipments for the quarter ended December 31, 2006 were \$10.6 million and Zanaflex tablet shipments were \$2.0 million providing total shipments of \$12.6 million compared to \$1.7 million of Zanaflex Capsules shipments and \$2.3 million of tablet shipments for total shipments of \$4.0 million for the same quarter in 2005. For the year ended December 31, 2006, Zanaflex Capsules shipments were \$24.2 million and Zanaflex tablets shipments were \$6.7 million providing total shipments of \$30.9 million compared to \$7.8 million of Zanaflex Capsules shipments and \$10.3 million of tablet shipments for total shipments of \$18.1 million for the prior year.

We reported net loss of \$7.0 million for the quarter ended December 31, 2006, or \$0.30 per share, compared to a net loss of \$15.8 million, or \$75.59 per share, for the same period in 2005. We reported a net loss of \$60.0 million for the full year ended December 31, 2006, or \$3.27 per share, compared to a net loss of \$60.4 million, or \$295.27 per share, in 2005.

As of December 31, 2006, we held cash, cash equivalents, and short-term investments of \$53.8 million, compared to \$13.8 million at December 31, 2005.

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**Financial Statements**

**Acorda Therapeutics, Inc**  
**Consolidated Balance Sheet Data**  
**(in thousands)**  
**(Unaudited)**

|  | <u>December 31,</u><br><u>2006</u> | <u>December 31,</u><br><u>2005</u> |
|--|------------------------------------|------------------------------------|
| <b>Assets</b>  |                                    |                                    |
| Cash and cash equivalents                                | \$ 18,101                          | \$ 11,761                          |
| Short-term investments                                   | 35,656                             | 2,001                              |
| Finished goods inventory held by the Company             | 4,701                              | 5,587                              |
| Property and equipment, net                              | 1,223                              | 1,707                              |
| Intangible assets, net                                   | 10,178                             | 5,952                              |
| Total assets   | \$ 84,368                          | \$ 33,912                          |
| <b>Liabilities and stockholders' equity (deficit)</b>    |                                    |                                    |
| Accounts payable, accrued expenses and other liabilities | \$ 14,033                          | \$ 14,060                          |
| Deferred product revenue                                 | 20,441                             | 16,736                             |
| Total current liabilities                                | 38,910                             | 35,858                             |
| Long term liabilities                                    | 26,790                             | 23,377                             |
| Stockholders' equity (deficit)                           | 18,669                             | (116,536)                          |
| Total Liabilities and Stockholders' deficit              | \$ 84,368                          | \$ 33,912                          |

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**Acorda Therapeutics, Inc**  
**Consolidated Statements of Operations**  
(in thousands, except per share amounts)  
(Unaudited)

|  | Three Months Ended<br>December 31, |             | Twelve Months Ended<br>December 31, |             |
|--|------------------------------------|-------------|-------------------------------------|-------------|
|  | 2006                               | 2005        | 2006                                | 2005        |
| Gross sales - Zanaflex   | \$ 8,245                           | \$ 2,684    | \$ 26,548                           | \$ 5,923    |
| Less: discounts and allowances   | (560)                              | (122)       | 396                                 | (1,114)     |
| Net sales  | 7,685                              | 2,562       | 26,944                              | 4,809       |
| Grant revenue  | 35                                 | 152         | 407                                 | 336         |
| Total net revenue  | 7,720                              | 2,714       | 27,351                              | 5,145       |
| Less: cost of sales  | (3,085)                            | (2,858)     | (7,123)                             | (5,132)     |
| Gross profit   | 4,635                              | (144)       | 20,228                              | 13          |
| Operating expenses:  |                                    |             |                                     |             |
| Research and development   | 3,162                              | 3,237       | 12,055                              | 12,890      |
| Sales and marketing  | 4,937                              | 3,441       | 19,079                              | 13,098      |
| General and administrative   | 3,288                              | 2,096       | 12,561                              | 8,435       |
| Total operating expenses   | 11,387                             | 8,774       | 43,695                              | 34,423      |
| Operating loss   | \$ (6,752)                         | \$ (8,918)  | \$ (23,467)                         | \$ (34,410) |
| Other income (expense):  |                                    |             |                                     |             |
| Interest and amortization of debt discount expense   | (879)                              | (702)       | (2,553)                             | (1,526)     |
| Interest income  | 618                                | 54          | 1,471                               | 402         |
| Other income   | 4                                  | —           | 75                                  | 1           |
|  | (257)                              | (648)       | (1,007)                             | (1,123)     |
| Cumulative effect of change in accounting principle  | —                                  | —           | 454                                 | 3           |
| Net loss   | (7,009)                            | (9,566)     | (24,020)                            | (35,530)    |
| Beneficial conversion feature, accretion of issuance costs, preferred dividends, and fair value of warrants issued to convertible preferred stockholders | —                                  | (6,212)     | (36,007)                            | (24,849)    |
| Net (loss) allocable to common shareholders  | \$ (7,009)                         | \$ (15,778) | \$ (60,027)                         | \$ (60,379) |
| Net loss per share allocable to common stockholders - basic and diluted  | \$ (0.30)                          | \$ (75.59)  | \$ (3.27)                           | \$ (295.27) |
| Weighted average common shares outstanding used in computing net loss per share allocable to common stockholders - basic and diluted                     | 23,093,117                         | 208,732     | 18,345,543                          | 204,485     |