Use these links to rapidly review the document
TABLE OF CONTENTS
Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
PART IV

Table of Contents

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

FORM 10-K

(Mark One)

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

For the fiscal year ended June 30, 2010

or

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

Commission file number 001-33301

ACCURAY INCORPORATED
(Exact name of registrant as specified in its charter)

DELAWARE	**20-8370041**
(State or Other Jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification No.)

1310 Chesapeake Terrace
Sunnyvale, California 94089
(Address of Principal Executive Offices) (Zip Code)

Registrants' telephone number, including area code: **(408)716-4600**

Securities registered pursuant to section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange on Which Registered**
Common Stock, $.001 par value per share	The NASDAQ Stock Market LLC

Securities registered pursuant to section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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 definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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 ☒

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant based on the last sale price for such stock on December 31, 2009: $314,081,819.

As of July 30, 2010, the number of outstanding shares of the registrant's common stock, $0.001 par value, was 58,608,781.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the Registrant's 2010 Annual Meeting of stockholders are incorporated by reference in Part III of this Form 10-K.

Table of Contents

ACCURAY INCORPORATED

YEAR ENDED JUNE 30, 2010

FORM 10-K

ANNUAL REPORT

TABLE OF CONTENTS

PART IV

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-K includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, including, but not limited to, statements regarding the extent and timing of future revenues and expenses, statements regarding reimbursement rates, statements regarding regulatory requirements, statements regarding future orders, statements regarding our strategic alliance with Siemens AG, statements regarding the deployment of our products, statements regarding revenues, earnings or other financial results, and other statements using words such as "anticipates," "believes," "could," "estimates," "expects," "forecasts," "intends," "may," "plans," "projects," "should," "will" and "would," and words of similar import and the negatives thereof. Accuray Incorporated ("we," "our," the "Company") has based these forward-looking statements largely on our current expectations and projections about future events and financial trends affecting the financial condition of our business. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Factors that could cause our actual results to differ materially include those discussed under "Risk Factors" in Part I, Item 1A of this report. We undertake no obligation to update or revise any forward-looking statements to reflect any event or circumstance that arises after the date of this report.

PART I

Historically, our fiscal year has ended on the Saturday closest to June 30th, so that in a 52 week period, each fiscal quarter consisted of 13 weeks. The additional week in a 53 week year was added to the fourth quarter, making such quarter consist of 14 weeks. Fiscal years 2009 and 2008 are each comprised of 52 weeks. For ease of presentation purposes, we refer to June 30 as the Company's fiscal year end. On June 23, 2009, our board of directors determined to change the Company's fiscal year end to June 30, beginning with fiscal 2010.

Item 1. BUSINESS

The Company

We, Accuray Incorporated, have developed what we believe to be the first and only commercially available intelligent robotic radiosurgery system, CyberKnife® Robotic Radiosurgery System, designed to treat solid tumors anywhere in the body as an alternative to traditional surgery. Our CyberKnife system represents the next generation of radiosurgery systems, combining continuous image-guidance technology with a compact linear accelerator, or linac, which has the ability to move in three dimensions according to the treatment plan. Our image-guidance technology enables the system to continuously acquire images to track a tumor's location and transmit any position corrections to the robotic arm prior to delivery of each dose of radiation. Our linac is a compact radiation treatment device that uses microwaves to accelerate electrons to create high-energy X-ray beams to destroy the tumor. This combination, which we refer to as intelligent robotics, extends the benefits of radiosurgery to the treatment of tumors anywhere in the body. The CyberKnife system autonomously tracks, detects and corrects for tumor and patient movement in real-time during the procedure, enabling delivery of precise, high dose radiation typically with sub-millimeter accuracy. The CyberKnife procedure requires no anesthesia, can be performed on an outpatient basis and allows for the treatment of patients who otherwise would not have been treated with radiation or who may not have been good candidates for surgery. In addition, the CyberKnife procedure is designed to avoid many of the potential risks and complications that are associated with other treatment options and is more cost effective than traditional surgery.

As of June 30, 2010, 206 CyberKnife systems were installed: 132 in the Americas, three of which are pursuant to our shared ownership program, 45 in Asia and 29 in Europe. Our customers have reported that over 95,000 patients worldwide have been treated with the CyberKnife system since its

commercial introduction. Our customers have increasingly used the CyberKnife system for indications outside of the brain for tumors on or near the spine and in the lung, liver, prostate and pancreas. Based on customer data, over 50% of patients treated with the CyberKnife system in the United States during the year ended June 30, 2010 were treated for tumors outside of the brain.

The CyberKnife system received U.S. Food and Drug Administration, or FDA, 510(k) clearance in July 1999 to provide treatment planning and image-guided robotic radiosurgery for tumors in the head and neck. In August 2001, the CyberKnife system received 510(k) clearance to treat tumors anywhere in the body where radiation treatment is indicated. The CyberKnife system has also received a CE mark for sale in Europe and has been approved for various indications in Japan, Korea, Taiwan, China and other countries. In Europe, Japan, Korea, Taiwan, and China, the CyberKnife system has received approval to provide treatment planning and image-guided robotic radiosurgery for tumors anywhere in the body where radiation treatment is indicated.

We were incorporated in California in 1990 and commenced operations in 1992. We reincorporated in Delaware in 2007. Our principal offices are located at 1310 Chesapeake Terrace, Sunnyvale, CA 94089, and our telephone number is (408) 716-4600.

Cancer Market Overview

According to the World Health Organization, or WHO, an estimated 7.9 million people died of cancer in 2007, accounting for 13% of all deaths worldwide. Cancer is the second leading cause of death in the United States, after heart disease. The American Cancer Society, or ACS, estimates that approximately 569,000 Americans will die as a result of cancer in 2010. The ACS also estimates that approximately 1.4 million new cases of cancer will be diagnosed in the United States in 2010, with continued increases in the prevalence of cancer forecasted as the U.S. population ages.

Cancers can be broadly divided into two groups: solid tumor cancers, which are characterized by the growth of malignant tumors within the body in areas such as the brain, lung, liver, breast or prostate, and hematological, or blood-borne cancers, such as leukemia. The ACS estimates that solid tumor cancers will account for approximately 1.4 million, or approximately 94%, of new cancer cases diagnosed and will account for approximately 527,000 cancer related deaths in the United States in 2010. In addition, tumors at the original cancer site, called primary tumors, such as in the breast or prostate, even when diagnosed and treated, can lead to the development of tumors in other locations of the body, called secondary tumors. This is referred to as metastatic disease, the movement of cancer cells from one part of the body to another. We are focused on the treatment of solid cancer tumors.

Development of Radiosurgery

Traditional methods for the treatment of solid tumor cancers include surgery, radiation therapy, chemotherapy and other drugs. Surgery and radiation are forms of local therapy, because the tumor is either directly removed through surgery or irradiated with the objective of destroying the cancer cells comprising the tumor. Chemotherapy is a systemic treatment method which involves the administration of drugs with the objective of killing cancer cells anywhere in the body, and when used in conjunction with local therapy, any remaining cancer cells that were not destroyed by the local therapy.

Based on the demonstrated principles of radiation as a method of destroying cancer cells, manufacturers have developed radiosurgery systems that have initially shown to be effective in the treatment of brain tumors and there have been various attempts to develop similarly accurate systems to perform radiosurgery elsewhere in the body. By destroying the tumor with a high dose of radiation, radiosurgery systems have been shown to be effective at local control without the risks, costs and other limitations of traditional surgery. Radiosurgery systems differ from traditional radiation therapy systems in that they are designed to deliver a very high cumulative dose of radiation, in a single or a small number of treatments precisely targeted at the tumor rather than at a region that consists of the tumor

plus healthy tissue that surrounds the tumor area. The more accurate delivery of radiation allows higher doses to be delivered, increasing the probability of tumor cell death and better local control. In addition, radiosurgery can be used on patients who cannot, due to advanced age or other health reasons, tolerate traditional surgery.

One of the initial radiosurgery techniques was frame-based radiosurgery for the treatment of brain tumors, which requires attaching a rigid frame to the patient's head by screwing it into the skull through the skin to immobilize the patient's head and to aid in targeting the tumor. Besides immobilizing the patient, the frame forms a fixed coordinate system that is used to target a tumor inside the head. Once the frame is attached, the physician then images the head, typically with a computed tomography, or CT scan, to identify the tumor location relative to the frame. The physician then uses the acquired images to develop a treatment plan, and the patient receives treatment while being held in position by the rigid frame. The entire process usually lasts between four and eight hours.

Although frame-based radiosurgery represents an advancement in cancer treatment, it has significant shortcomings. The necessity for a rigid frame to be screwed into a patient's skull or affixed to the body restricts the area of the body which can be treated. In addition, frame-based radiosurgery systems do not generally succeed in conforming the radiation dose to the tumor, because beam orientations are limited, and therefore it is difficult to match the shape of the treated volume with the shape of the tumors. Further, because it is difficult to precisely reposition the head frame for multiple treatments, these systems are very rarely used when more than one dose of radiation is required. Frame-based radiosurgery approaches have been used for treatment of tumors in other parts of the body, but suffer from significant drawbacks. In particular, it is not practical to attach a frame rigidly to parts of the body other than the head. Tumors in soft tissue organs such as the lung, liver, pancreas and prostate are not rigidly fixed to any external reference points and can move significantly during treatment due to normal bodily functions. Frame-based approaches to delivering radiosurgery for tumors in such locations are rarely as accurate as frame-based systems used to treat brain tumors. This lack of accuracy for tumors located outside the head may compromise the efficacy of traditional radiosurgery and increase the likelihood of delivering significant radiation doses to otherwise healthy tissue.

The CyberKnife System Solution

Our Strategy

Our goal is to have the CyberKnife system become the standard of care for the treatment of solid tumors, particularly those that are difficult to treat with traditional surgery. We believe our technology can significantly enhance the applications of radiosurgery by increasing the number and type of tumors which can be treated effectively. Key elements of our strategy include the following:

Increase physician adoption and patient awareness to drive utilization. We are continually working to increase adoption and awareness of our CyberKnife system and demonstrate its advantages over traditional treatment methods. We hold and sponsor symposia and educational meetings and support clinical studies in an effort to demonstrate the clinical benefits of the CyberKnife system. We assist our customers to increase patient awareness in their communities by helping them develop marketing and educational campaigns.

Continue to expand the radiosurgery market. While radiosurgery has traditionally been used to treat brain tumors, the CyberKnife system has received FDA clearance for and is increasingly being used to treat tumors anywhere in the body where radiation is indicated. Based on customer data, over 50% of patients treated with the CyberKnife system in the United States during the year ended June 30, 2010 were treated for tumors outside of the brain. We are facilitating studies to further demonstrate the CyberKnife system's efficacy for treating tumors outside of the brain, and we believe these studies will increase overall utilization of the CyberKnife system and continue to expand the number of patients

eligible for radiosurgery. In addition, we have developed and are continuing to develop new upgrades to enable the CyberKnife system to be even better suited for treating tumors anywhere in the body where radiation is indicated.

Continue to innovate through clinical development and collaboration. The clinical success of the CyberKnife system is due in large part to the collaborative partnerships we have developed over the last decade with clinicians, researchers and patients. We proactively seek out and rely on constructive feedback from CyberKnife system users to learn what is needed to enhance the technology. Due to this collaborative process, we continually refine and upgrade the CyberKnife system, which ultimately improves our competitive position in the radiosurgery market. Our upgrades are designed to improve the ease of use and accuracy of treatment, decrease the treatment times, and improve the utilization for specific types of tumors. For example, in recent years, we introduced Synchrony, a motion tracking system that is designed to track tumors that move with patient respiration and the Xsight Spine Tracking System, a new target tracking technology, which eliminates the need for surgical implantation of small, inert metal markers, known as fiducials, in the treatment of spinal tumors. In the year ended June 30, 2008, we introduced a higher output linear accelerator, the Iris Variable Aperture Collimator, Monte Carlo Dose Calculation software, Sequential Optimization treatment planning and a seated RoboCouch, enabling improved patient positioning capabilities. In the year ended June 30, 2009, we introduced the InTempo Adaptive Imaging system, MultiPlan MD Suite, and MultiPlan Quick Review. In the year ended June 30, 2010, we introduced the CyberKnife VSI™ System, which includes support for the delivery of conventional fractioned robotic image guided intensity-modulated radiation therapy, or Robotic IMRT, AutoSegmentation for Prostate, MultiPlan QuickPlan and the Radiosurgery DICOM Interface to the Varian ARIA System. In addition, the CyberKnife VSI system includes a 1000MU/minute linac, which reduces treatment times making it feasible to deliver radiosurgery treatments in the same time as other machines deliver radiotherapy treatments.

Leverage our installed base to generate additional recurring revenue. We have designed the CyberKnife system so that generally customers can upgrade their previously purchased systems as we introduce new features. We generate additional revenue by selling multiyear service plans that provide eligibility to receive upgrades, when and if available. These contracts are typically signed prior to the CyberKnife system installation and generate additional revenue throughout the life of the contract. In addition, we sell upgrades to our existing customers who are not covered by service plans or who have exhausted the upgrades deliverable pursuant to their service plans. Finally, we offer the shared ownership program, which enables customers to reduce the upfront investment required for the CyberKnife system in exchange for sharing a significant portion of revenue with us that is derived from each procedure.

Expand sales in international markets. We intend to increase our sales and distribution capabilities outside of the United States to take advantage of the large international opportunity for our products. We currently have regional offices in Paris, France, Hong Kong, China and Tokyo, Japan and direct sales staff in most countries in Western Europe, Japan, India and Canada. Combined with distributors in Eastern Europe, Russia, the Middle East, the Asia Pacific region and Latin America our sales and distribution channels cover more than 80 countries. We intend to increase our international revenue by select additions of direct sales and marketing personnel in targeted areas to further penetrate our most promising international markets.

Pursue acquisitions, strategic partnerships and joint ventures. We intend to actively pursue acquisitions, strategic partnerships and joint ventures that we believe may allow us to complement our growth strategy, increase market share in our current markets and expand into adjacent markets, broaden our technology and intellectual property and strengthen our relationships with our customers. As an example, we entered into a Strategic Alliance Agreement, or Alliance Agreement with Siemens Aktiengesellschaft, or Siemens, pursuant to which (i) Accuray has granted Siemens distribution rights to

Accuray's CyberKnife system when sold along with Siemens systems in multiple product sales, (ii) Accuray and Siemens will create a research and development relationship, and (iii) Siemens will incorporate certain Accuray technology into its linear accelerator products.

The CyberKnife System

Our principal product is the CyberKnife system, an intelligent robotic radiosurgery system that enables the treatment of tumors anywhere in the body where radiation is indicated without the need for invasive surgery or rigid frames. The current United States list price for the CyberKnife system ranges from approximately $3.6 million to $6.2 million, depending upon system configuration and options purchased by the customer. The list price typically includes initial training, installation and a one-year warranty. We also offer optional hardware and software, technical enhancements and upgrades to the CyberKnife system, as well as service contracts and training to assist customers in realizing the full benefits of the CyberKnife system.

The CyberKnife system combines continuous image-guidance technology with a compact linear accelerator mounted on a computer-controlled manipulator arm to precisely deliver high doses of radiation to the tumor from numerous directions during treatment. Our patented image-guidance technology correlates low dose, real-time treatment X-rays with images previously taken with a CT scan of the tumor and surrounding tissue to precisely direct each beam of radiation. This enables delivery of a highly conformal, non-isocentric dose of radiation to the tumor, with minimal radiation delivered to surrounding healthy tissue. With its autonomous ability to track, detect and correct for even the slightest tumor and patient movement throughout the entire treatment, the CyberKnife system gives clinicians an effective, uninterrupted and accurate treatment alternative.

Key components and technologies of the CyberKnife system and the CyberKnife VSI system include the following:

CyberKnife VSI System. With the ability to offer a full range of treatment options, from radiosurgery to high precision radiation therapy, the versatile CyberKnife VSI system provides the flexibility to optimize treatments for the unique needs of each patient. Using intelligent capabilities to not only enable expert-level treatments with an intuitive planning process, but also to adapt treatment delivery to the distinct characteristics of each patient with continual image guidance, the CyberKnife VSI system instills confidence that the plan created is the plan delivered. A comprehensive set of tools to manage every aspect of patient treatment, ready integration into existing institution infrastructure and a logical workflow make the use of the CyberKnife VSI system simple and convenient in daily clinical practice.

Treatment of inoperable or surgically complex tumors. The CyberKnife system can be used to target tumors that cannot be easily treated with traditional surgical techniques because of their location, number, size, shape or proximity to vital tissues or organs, or because of the age or health of the patient. The CyberKnife system's intelligent robotics are designed to enable the delivery of radiation doses that conform closely to the shape of the tumor. This enables the precise targeting of a tumor, while at the same time minimizing damage to surrounding healthy tissue. Radiosurgery treatments performed with the CyberKnife system can also be staged over two to five treatment sessions. Robotic IMRT treatments performed with the CyberKnife system can be delivered in as many as 40 treatment sessions, or fractions.

Treatment of tumors throughout the body. The CyberKnife system has been cleared by the FDA to provide treatment planning and image-guided radiosurgery for tumors anywhere in the body where radiation treatment is indicated. Unlike frame-based radiosurgery systems, which are generally limited to treating brain tumors, the CyberKnife system is being used for the treatment of primary and

metastatic tumors outside the brain, including tumors on or near the spine and in the lung, liver, prostate and pancreas.

Real-time tracking of tumor movement. We believe the CyberKnife system is the first device that is designed to enable the treatment of tumors that change position due to respiration, tumor or patient movement during treatment. That ability is achieved with a level of accuracy typically associated with radiosurgery procedures for brain tumors.

Significant patient benefits. Patients may be treated with the CyberKnife system on an outpatient basis without anesthesia and without the risks and complications inherent in traditional surgery. The CyberKnife treatment procedure is well tolerated. Patients do not require substantial pre-treatment preparation, and typically there is little to no recovery time or hospital stay associated with the CyberKnife procedure. In addition, the CyberKnife system eliminates the need for an invasive rigid frame to be screwed into the patient's skull or affixed to other parts of the body.

Facilitates additional revenue generation through increased patient volumes. We believe that clinical use of the CyberKnife system allows our customers to effectively treat patients who otherwise would not have been treated with radiation or who may not have been good candidates for surgery. Therefore, we believe the treatment of these patients generates additional revenue without affecting our customers' traditional radiation therapy practices. In addition, because the CyberKnife treatment is a non-invasive, outpatient procedure requiring little or no recovery time, hospitals can treat more patients than with traditional surgery. In traditional surgery, the time a patient must be at the facility for the procedure and recovery time tends to be measured in days. With the CyberKnife system, the entire procedure is generally completed within 60 minutes, and the patient often leaves the facility very shortly after treatment. Even if the patient receives four to five treatments, the total time the patient is at the hospital or treatment center is still shorter than with traditional surgery. Furthermore, the more time the patient must be at the hospital, the more resources the hospital must dedicate to the patient. The reduction in overall time and resources required for the CyberKnife procedure, when compared to traditional surgery, leads to an increase in the volume of procedures performed and potentially lower per procedure costs for the hospital. This makes the CyberKnife system an attractive addition to our customers' cancer treatment practice.

Upgradeable modular design. The CyberKnife system has a modular design which facilitates the implementation of upgrades that generally do not require our customers to purchase an entirely new system to gain the benefits of new features. We continue to work to develop and offer new clinical capabilities enhancing ease of use, reducing treatment times, improving accuracy and improving patient access. Key components and technologies of the CyberKnife system include the following:

Compact X-band linear accelerator (linac). The linac generates the radiation that is used to treat the tumor. We believe we are the only commercial manufacturer of a compact X-band linac. This technology allows us to manufacture linacs that are smaller and weigh significantly less than standard medical linacs used in traditional gantry-based radiation therapy systems while achieving similar performance. The CyberKnife linac provides high energy X-ray beams of different diameters and intensities without the use of radioactive material. In fiscal 2010, we introduced a linac capable of delivering 1000 monitor units per minute of energy output, representing the highest output linac we have offered.

Robotic manipulator. The robotic manipulator arm, with six-degrees-of-freedom range of movement, is designed to move around the patient to position the linac and direct the radiation with an extremely high level of precision and repeatability. The manipulator arm provides a unique method of positioning the linac to deliver doses of radiation from nearly any direction and position, without the limitations inherent in gantry-based systems, creating a non-isocentric composite dose pattern that can precisely conform to the shape of each treated tumor. This flexibility enhances the ability to diversify

beam trajectories and beam entrance and exit points, helping to minimize risks of radiation damage to healthy cells near the tumor. Furthermore, the rapid response time of the manipulator arm allows tracking of tumors that move with respiration.

Real-time image-guidance system with continuous target tracking and feedback. Without the need for clinician intervention or treatment interruption, the CyberKnife system's revolutionary real-time image-guided robotics enables continuous monitoring and correction for patient and tumor movements throughout each treatment as it is being delivered. The CyberKnife system is able to precisely deliver the prescribed radiation dose due to the virtually instantaneous and continuous feedback loop between X-ray-based target localization and automatic correction of the radiation beam throughout the entire treatment. This target tracking and feedback technology uses two digital image detectors to capture low energy X-ray images. The image guidance software carries out an automated comparison of the X-ray images with the patient's CT scan to detect, track and correct for any movement of the tumor or patient before and during the treatment delivery. This allows the CyberKnife system to dynamically target the tumor and adjust the position of the beam to follow the motion of the tumor throughout the treatment, directing the beam to precisely match tumor movement.

X-ray sources. The low-energy X-ray sources generate the X-ray images that help to determine the location of bony or other anatomic landmarks, or implanted fiducials, which are used for tracking throughout the entire treatment.

Image detectors. The image detectors capture high-resolution anatomical images throughout the treatment. These live images are continually compared to the patient's CT scan to determine real-time patient positioning. Based on this information, the robotic manipulator automatically corrects for any detected movement.

In addition to the key components listed above, we also offer the following components and features:

Synchrony Respiratory Tracking System. The CyberKnife system's proprietary motion tracking system, the Synchrony System, is used to track tumors that move with respiration. Synchrony software and hardware correlate tumor movement due to respiration with the CyberKnife system treatment beam allowing it to continuously track the tumor as it moves throughout the respiratory cycle. Through this process the CyberKnife system delivers beams synchronized in real-time to tumor position while adapting to changes in breathing patterns, allowing for the delivery of highly conformed radiation beams while reducing areas exposed to radiation. The Synchrony System provides an unprecedented clinical accuracy of approximately 1.5 millimeters for tumors that move with respiration.

Xsight Spine Tracking System. The Xsight Spine Tracking System eliminates the need for surgical implantation of fiducials for the delivery of radiosurgery treatments on or near the spine. The Xsight Spine Tracking System utilizes skeletal structures to automatically locate and track tumors with sub-millimeter accuracy. We believe no other commercially available technology today offers this capability.

Xsight Lung Tracking System. The Xsight Lung Tracking System delivers radiosurgical accuracy to some lung tumors without the need for implanted fiducials. The Xsight Lung Tracking System directly tracks the anatomy of the tumor. Integrated with the Synchrony Respiratory Tracking System, treatment margins are significantly minimized by tracking the motion of the tumor as it moves during respiration.

RoboCouch Patient Positioning System. Fully integrated with the CyberKnife system, the RoboCouch intelligently positions the patient to the planned treatment position with extreme accuracy, providing not only greater set up precision, but significantly streamlining the patient set up process. The RoboCouch offers greater positioning flexibility, a lower patient loading height, and a higher patient weight capacity limit when compared to our Standard Treatment Couch.

Standard Treatment Couch. The Standard Treatment Couch is used to automatically align the patient for treatment.

Xchange Robotic Collimator Changer. The Xchange Robotic Collimator Changer automatically exchanges secondary fixed collimators, without clinician involvement, and is required for use with the Iris Variable Aperture collimator. These collimators determine the radiation beam size during the treatment.

Iris Variable Aperture Collimator. The Iris Variable Aperture Collimator enables delivery of beams in 12 unique sizes with a single collimator. This significantly reduces treatment times as well as the total radiation dose delivered to the patient.

4D Treatment Optimization and Planning System. Our 4D Treatment Optimization and Planning System optimizes treatment by taking into account the movement of the tumor as well as the movement and deformation, or change in shape, of the surrounding tissue, thereby minimizing margins and radiation exposure to healthy tissue.

InTempo Adaptive Imaging System. The InTempo System is a time-based target tracking technology used to compensate for intrafraction prostate motion during treatment delivery. With the InTempo System, our users can utilize adaptive imaging to automatically adjust for large movements in patients during treatment by increasing the X-ray imaging frequency. The user also manages the image age of X-ray images by specifying how long to wait between image acquisitions.

MultiPlan Treatment Planning System. The proprietary intuitive planning system is designed for CyberKnife radiosurgery and includes the hardware necessary for treatment planning. The MultiPlan System generates a series of beams and calculates the dose that must be delivered from each beam and provides these as a treatment plan. The treatment plan defines the pattern of radiation that meets the physician's dose prescription. The MultiPlan system uses input images from multiple modalities, including computed tomography, or CT, magnetic resonance imaging, or MRI, positron emission tomography, or PET, and 3D angiography. After the physician outlines a tumor and critical adjacent tissues on the computer, a medical physicist (or dosimetrist) uses the MultiPlan system to plan the number, intensity, position and direction of radiation beams. Using unique and patented software algorithms, the system calculates and displays the resultant treatment plan for evaluation, optimization and approval by the physician.

MultiPlan MD Suite. The MultiPlan MD Suite solution allows remote users to perform pre-planning preparation and post-planning review of treatment plans. MultiPlan MD Suite provides the ability to perform tasks such as contouring, fusion, setting of treatment plan parameters, and review of treatment plans.

CyberKnife® Data Management System. The CyberKnife® Data Management System provides comprehensive storage and processing of the patient data that is generated as the patient progresses through the CyberKnife planning and treatment workflow. Pre-planning data, such as planning CT images, are imported and stored in the data management system. This information is then available for review by the clinician. The results of a patient's treatment delivery, such as dose delivered from each beam, each path and each fraction, as well as details about the images acquired and corrections applied are recorded and stored in the data management system.

MultiPlan Quick Review. The MultiPlan Quick Review feature allows multiple sessions of the MultiPlan Treatment Planning System to be run simultaneously. One primary and up to three secondary sessions are available. The primary session has full treatment planning functionality while the secondary sessions can perform all planning functions except for optimization. MultiPlan Quick Review improves clinical workflow by allowing data from multiple patients, or multiple plans from the same patient, to be accessed simultaneously.

Radiosurgery DICOM Interface. In a typical oncology department there are many individual systems that play a role in patient diagnosis and treatment delivery. Each of these systems separately manages their own specialized piece of information about a patient. Often a centralized information management system such as an Oncology Information Systems, or OIS, is used to minimize the need for the clinical user to access each of these separate systems individually to gather information. Centralization of the patient's oncology treatment record into a single digital record provides clinical benefits that can be realized immediately. Data management systems, such as the CyberKnife Data Management System, utilize industry-standard interface protocols, such as DICOM, to export patient information to the OIS. With the Radiosurgery DICOM Interface, the CyberKnife Robotic Radiosurgery System completes the OIS electronic medical record with a comprehensive export of the radiosurgery treatment history. Note: The Radiosurgery DICOM Interface requires a compatible version of the OIS.

Monte Carlo dose calculation. Our Monte Carlo dose calculation software uses Monte Carlo simulation algorithms in treatment planning and dose calculation. Our Monte Carlo dose calculation algorithm can perform the necessary treatment planning calculations in a significantly shorter time frame as compared to conventional Monte Carlo dose calculation methods, thereby accelerating the treatment planning process.

Sequential Optimization treatment planning. Sequential optimization treatment planning enables CyberKnife system users to define and prioritize treatment planning objectives for each treatment plan. These objectives can include treatment dose to the targeted tumor, dose minimization in surrounding areas and total radiation delivery throughout the treatment. Sequential optimization enables these objectives to be prioritized and tailored to the unique clinical characteristics of each patient.

Robotic IMRT. Robotic IMRT combines the proven technical effectiveness of IMRT delivery with the robotic intelligence of the CyberKnife system—superior conformality, steep dose gradient and fully automated treatment delivery with continual image guidance—to deliver high precision radiation therapy using a conventionally fractionated approach.

AutoSegmentation for Prostate. The AutoSegmentation option provides a method for the CyberKnife system to automatically generate accurate contours of the male pelvic anatomy, including the prostate, rectum, bladder, seminal vesicles and femoral heads. AutoSegmentation leverages a unique, model-based approach to automated contouring. Since these structures can now be defined quickly, accurately and with minimal user input, clinical workflow is greatly improved.

QuickPlan. Our QuickPlan technology allows for a complete treatment plan to be generated automatically, and the results presented to the user for review. The entire planning process, including the ability to automatically contour certain anatomical structures, automatically fuse image series and automatically identify fiducials, as well as the scriptable nature of the Sequential Optimization algorithm are leveraged in the QuickPlan option. Since the treatment planning process can now be largely automated, CyberKnife staff can now utilize their time and resources in the clinic more effectively.

Report Administration Application. The ability to easily access the data stored in the CyberKnife Data Management System is essential to the smooth management of the CyberKnife department. The Report Administration application makes the ability to review stored patient and usage data simple and straightforward by providing the easy availability of a variety of departmental reports.

Sales and Marketing

We currently market the CyberKnife system through a direct sales force in the United States and a combination of direct sales personnel and distributors in the rest of the world. Support of our

international sales is handled through our European and Asian headquarters in Paris, France; Hong Kong, China and Tokyo, Japan.

In the United States we use a combination of regional sales directors, account specialists, product managers, training specialists and field marketing managers. Regional sales directors and account specialists are responsible for selling the CyberKnife system, upgrades and services to hospitals and stand-alone treatment facilities. Our product managers help market our current products and work with our engineering group to identify and develop upgrades and enhancements for the CyberKnife system. Our training specialists train radiation oncologists, surgeons, physicists and radiation therapists.

In addition to marketing to hospitals and stand-alone treatment facilities, we market to radiation oncologists, neurosurgeons, general surgeons, oncology specialists and other referring physicians. We will continue to increase our focus on marketing and education efforts to surgical specialists and oncologists responsible for treating tumors throughout the body. Our marketing activities also include efforts to inform and educate cancer patients about the benefits of the CyberKnife system.

According to estimates published by the American Society for Therapeutic Radiation Oncology, or ASTRO, there are over 2,000 hospitals and stand-alone treatment facilities in the United States providing radiation therapy services. Our current United States sales and marketing focus is to target the hospitals and treatment facilities currently providing radiation therapy services, however, in the future we believe that the CyberKnife system will also be marketed to hospitals that do not have radiation therapy facilities.

From time to time, we may provide our linac system for use in non-medical areas. These areas may include non-destructive testing, visual inspection and other potential applications. We do not currently expect these non-medical uses to represent a significant portion of our revenue in the near term.

Manufacturing and Assembly

We purchase major components of the CyberKnife system, including the robotic manipulator, treatment table or robotic couch, magnetron, which creates the microwaves for use in the linac, imaging cameras and computers, from outside suppliers. We manufacture certain other electronic and electrical subsystems, including the linac, at our Sunnyvale, California and Mountain View, California facilities. We then assemble and integrate these components with our proprietary software for treatment planning and treatment delivery and perform essential testing prior to shipment to customer sites.

Single source suppliers presently provide us with several components, including the magnetron, the treatment couches, the robot and the imaging plates. In most cases, if a supplier were unable to deliver these components, we believe that we would be able to find other sources for these components subject to any regulatory qualifications, if required. In the event of a disruption in any of these suppliers' ability to deliver a component, we would need to secure a replacement supplier. Additionally, any disruption or interruption of the supply of key subsystems could result in increased costs and delays in deliveries of CyberKnife systems, which could adversely affect our reputation and results of operations.

Intellectual Property

The proprietary nature of, and protection for, our products, product components, processes and know-how are important to our business. We seek patent protection in the United States and internationally for our product systems and other technology where available and when appropriate. Our policy is to patent or in-license the technology, inventions and improvements that we consider important to the development of our business. In addition, we use license agreements to selectively convey rights to our intellectual property to others. We also rely on trade secrets, know-how and continuing innovation to develop and maintain our competitive position.

We had 15 U.S. patents issued in the fiscal year ended June 30, 2010. As of June 30, 2010, we held 55 U.S. patents, 55 pending U.S. patent applications and are pursuing additional patent applications on additional key inventions to enhance our intellectual property rights. The first of our patents will expire in October 2010 and currently the last of our patents will expire in 2026. As of June 30, 2010, we also held 23 foreign patents, 8 pending published Patent Cooperation Treaty applications and 66 foreign patent applications which correspond to our issued U.S. patents and pending U.S. patent applications. We cannot be sure that any patents will be issued from any of our pending patent applications, nor can we assure you that any of our existing patents or any patents that may be granted to us in the future will be commercially useful in protecting our technology. An additional key component of our intellectual property is our proprietary software used in planning and delivering the CyberKnife system's therapeutic radiation dose.

In addition to our patents, we also rely upon trade secrets, know-how, trademarks, copyright protection and continuing technological and licensing opportunities to develop and maintain our competitive position. We require our employees, consultants and outside scientific collaborators to execute confidentiality and invention assignment agreements upon commencing employment or consulting relationships with us.

Patents may provide some degree of protection for preventing others from making, using, selling, or offering for sale a system that shares one or more features of the CyberKnife. However, patent protection involves complex legal and factual determinations and is therefore uncertain. The laws governing patentability and the scope of patent coverage continue to evolve, particularly in the areas of technology of interest to us. As a result, we cannot assure you that patents will issue from any of our patent applications. The scope of any of our issued patents may not be sufficiently broad to offer meaningful protection. In addition, our issued patents or patents licensed to us may be successfully challenged, invalidated, circumvented or unenforceable so that our patent rights would not create an effective competitive barrier. Moreover, the laws of some foreign countries may not protect our proprietary rights to the same extent as do the laws of the United States. In view of these factors, our intellectual property positions bear some degree of uncertainty.

In April 2007, we entered into a License and Development Agreement with CyberHeart, Inc., or CyberHeart. As part of this agreement, we will license certain intellectual property rights and technologies to CyberHeart, which CyberHeart will use to develop and commercialize new systems and applications in the field of cardiac disease. In the event CyberHeart is able to successfully develop and commercialize such an application, under the agreement, we would be the sole supplier of radiosurgery equipment to CyberHeart and would also be entitled to receive specified payments based on usage of the CyberHeart system. Roderick Young, a former member of our board of directors, is a founder, officer and director of CyberHeart, Inc.

In June 2010, we entered into an Agreement with Siemens, pursuant to which (i) Accuray has granted Siemens the right to sell the Company's CyberKnife system globally as part of its portfolio of healthcare products in multi-product sales, (ii) Accuray and Siemens will create a research and development relationship, and (iii) Siemens will purchase and incorporate elements of Accuray's technology into its linear accelerator products. The Company will retain the sole ownership and rights related to inventions it develops, and Siemens retains the sole ownership and rights related to inventions it develops. The Company and Siemens have joint ownership and rights related to any jointly developed inventions in connection with the Agreement, and each party has the right to use those inventions. Any other jointly developed inventions will be allocated (a) to Accuray if they relate to specified Accuray technology, (b) to Siemens if they relate to specified Siemens technology, (c) as joint inventions, similar to the previous sentence. Each party will be granted a limited license to inventions allocated to the other party.

Research and Development

Continued innovation is critical to our future success. Our current product development activities include projects expanding clinical applications in radiosurgery, driving product differentiation, and continually improving the CyberKnife system's capabilities. Some of our product upgrades have been discussed above under the heading "The CyberKnife System".

Research activities strive to enable new product development opportunities by developing new technologies and advancing areas of existing core technology such as next generation linear accelerator, patient imaging, or treatment planning capabilities.

The modular design of our products supports rapid development for new clinical capabilities and performance enhancements by generally allowing each subsystem to evolve within the overall platform design. Access to regular product upgrades protects customer investment in the CyberKnife system, facilitates the rapid adoption of new features and capabilities among existing installed base customers, and drives increasing value in our multiyear service plans. These upgrades will generally consist of software and hardware enhancements designed to increase the ease of use of our CyberKnife system and improve the speed and accuracy of treatment.

As of June 30, 2010, we had 117 employees in our research and development departments. Research and development expenses for the fiscal years ended June 30, 2010, 2009 and 2008 were $31.5 million, $36.0 million and $32.9 million, respectively. We plan to increase our investment in research and development in future periods, including in connection with our strategic alliance with Siemens.

Competition

The medical device industry in general, and the non-invasive cancer treatment field in particular, are subject to intense and increasing competition and rapidly evolving technologies. Because our products often have long development and regulatory approval cycles, we must anticipate changes in the marketplace and the direction of technological innovation and customer demands. To compete successfully, we will need to continue to demonstrate the advantages of our products and technologies over well-established alternative procedures, products and technologies, and convince physicians and other healthcare decision makers of the advantages of our products and technologies. Traditional surgery, minimally invasive procedures, radiation therapy, chemotherapy and other drugs are other means to treat cancer. Also, we compete directly with frame-based radiosurgery systems primarily from Elekta AB (publ), or Elekta, BrainLAB AG, and the Integra Radionics business of Integra Life Sciences Holding Corporation.

The market for standard linacs is dominated by three companies: Elekta, Siemens, and Varian Medical Systems, Inc., or Varian. In addition, TomoTherapy Incorporated, or TomoTherapy, markets a radiation therapy product. Some manufacturers of standard linac systems, including Varian and Elekta, have products that can be used in combination with body and/or head frame systems and image-guidance systems to perform radiosurgery. Our newest CyberKnife system, the CyberKnife VSI system, was designed with a focus on radiosurgery, however, it can be also used to perform Robotic IMRT which uses low doses of radiation over a long period of time with fractionated treatments to treat cancer cells. Many government, academic and business entities are investing substantial resources in research and development of cancer treatments, including surgical approaches, radiation treatment, drug treatment, gene therapy (which is the treatment of disease by replacing, manipulating, or supplementing nonfunctional genes), and other approaches. Successful developments that result in new approaches for the treatment of cancer could reduce the attractiveness of our products or render them obsolete.

Our future success will depend in large part on our ability to establish and maintain a competitive position in current and future technologies. Rapid technological development may render the CyberKnife system and its technologies obsolete. Many of our competitors have or may have greater corporate, financial, operational, sales and marketing resources, and more experience in research and development than we have. We cannot assure you that our competitors will not succeed in developing or marketing technologies or products that are more effective or commercially attractive than our products or that would render our technologies and products obsolete. We may not have the financial resources, technical expertise, marketing, distribution or support capabilities to compete successfully in the future. Our success will depend in large part on our ability to maintain a competitive position with our technologies.

Our competitive position also depends on:

- Widespread awareness, acceptance and adoption of our products by the radiation oncology and cancer therapy markets;
- The discovery of new technologies that improve the effectiveness and productivity of the CyberKnife system radiosurgery process;
- Availability of coverage and reimbursement from third-party payors, insurance companies and others for procedures performed using the CyberKnife system;
- Properly identifying customer needs and delivering new upgrades to address those needs;
- Published studies supporting the efficacy and safety of the CyberKnife system;
- Limiting the time required from proof of feasibility to routine production;
- Limiting the timing and cost of regulatory approvals;
- The manufacture and delivery of our products in sufficient volumes on time, and accurately predicting and controlling costs associated with manufacturing, installation, warranty and maintenance of the products;
- Our ability to attract and retain qualified personnel;
- The extent of our patent protection or our ability to otherwise develop proprietary products and processes; and
- Obtaining any necessary United States or foreign regulatory approvals or clearances.

Reimbursement

The CyberKnife procedure is currently covered and reimbursed by Medicare and other governmental and non-governmental third-party payors. Medicare coverage currently exists in the hospital outpatient setting and in the freestanding clinic setting. For calendar year 2010, the national unadjusted average Medicare payment rates under Healthcare Common Procedure Coding System, or HCPCS, are $3,572 under code G0339, the billing code for the first treatment, and $2,488 under code G0340, the billing code for each of the second through fifth treatments. Payment for the freestanding clinic setting is governed by the final Medicare Physician Fee Schedule. For 2010, payment for CyberKnife procedures in the freestanding clinic settings for first and subsequent treatments is set by local Medicare carriers and rates may vary from low payment to a payment rate exceeding the hospital outpatient payment rates. We will continue to evaluate the impact that the health care legislation bill, HR 4872, and the effect the implementation of its statutes may have on Medicare reimbursement rates.

In late June and early July of 2010 Medicare published its proposed rules for hospital outpatient services, for physicians, and services performed in the freestanding center setting. After a 60 day comment period Medicare will review and analyze the comments. Once Medicare's analysis is complete the final rules will be published, which we anticipate to occur near the end of October 2010. The proposed rates in the hospital outpatient setting reflect a 4.4% decrease for G0339 and a 1.1% increase for G0340. Proposed payment in the freestanding clinic setting for the first and subsequent treatments continues to be set by local Medicare carriers and rates may vary from low payment to a payment rate exceeding the hospital outpatient payment rates.

In addition to Medicare reimbursement to hospitals and clinics, physicians receive reimbursement for their professional services in the hospital outpatient setting and the freestanding clinic setting. Payment to physicians is based on the Medicare Physician Fee Schedule, and payment amounts are updated on an annual basis. For 2010, Medicare adjusted reimbursement rates for the Current Procedural Terminology, or CPT, code series describing the surgeon's role in the delivery of CyberKnife cranial and spinal procedures beginning with 61796 and 63620 to varying degrees. For example, the rate for treating five simple cranial lesions was reduced by less than one percent, and the rate for treating one complex cranial lesion was increased by more than 40%. For 2011, Medicare has proposed adjustments to reimbursement rates for CPT code series describing the surgeon's role in the delivery of CyberKnife cranial and spinal procedures beginning with 61796 and 63620 to varying degrees. These adjustments vary from a 27% increase to a 33% increase.

Radiosurgery procedures in other anatomies require other surgeons to bill unlisted CPT codes with no assigned payment rates. Payment rates for unlisted codes are set by the local Medicare carrier and rates may vary from no payment to rates equivalent to the comparable CPT rates for the series beginning with 61796 and 63620. Coding for other physicians (primarily radiation oncologists) involved in the delivery of CyberKnife treatment increased by one percent. Medicare did not propose changes for 2011 to payment rates in other anatomies not described by the cranial and spinal procedure codes.

In November of 2009, we announced the introduction of the CyberKnife VSI system, which allows physicians to perform conventionally fractioned robotic image guided intensity-modulated radiation therapy, or Robotic IMRT, in addition to Robotic Stereotactic Radiosurgery procedures. Reimbursement for Robotic IMRT is expected to be similar to conventional IMRT. Medicare 2011 proposed physician fee schedule rules reflect an 11% increase in 2011 for the treatment delivery code used to report IMRT services delivered by the CyberKnife VSI system.

Regulatory Matters

Domestic Regulation

Our products and software are medical devices subject to regulation by the FDA, as well as other regulatory bodies. FDA regulations govern the following activities that we perform and will continue to perform to ensure that medical products distributed domestically or exported internationally are safe and effective for their intended uses:

- Product design and development;
- Document and purchasing controls;
- Production and process controls;
- Acceptance controls;
- Product testing;
- Product manufacturing;
- Product safety;

- Product labeling;
- Product storage;
- Recordkeeping;
- Complaint handling;
- Pre-market clearance or approval;
- Advertising and promotion; and
- Product sales and distribution.

FDA pre-market clearance and approval requirements. Unless an exemption applies, each medical device we wish to commercially distribute in the United States will require either prior 510(k) clearance or pre-market approval from the FDA. The FDA classifies medical devices into one of three classes. Devices deemed to pose lower risks are placed in either class I or II, which requires the manufacturer to submit to the FDA a pre-market notification requesting permission to commercially distribute the device. This process is generally known as 510(k) clearance. Some low risk devices are exempted from this requirement. Devices deemed by the FDA to pose the greatest risks, such as life-sustaining, life-supporting or implantable devices, or devices deemed not substantially equivalent to a previously cleared 510(k) device, are placed in class III, requiring pre-market approval. All of our current products are class II devices.

510(k) clearance pathway. When a 510(k) clearance is required, we must submit a pre-market notification demonstrating that our proposed device is substantially equivalent to a previously cleared 510(k) device or a device that was in commercial distribution before May 28, 1976 for which the FDA has not yet called for the submission of pre-market approval applications, or PMA. By regulation, the FDA is required to clear or deny a 510(k) pre-market notification within 90 days of submission of the application. As a practical matter, clearance may take longer. The FDA may require further information, including clinical data, to make a determination regarding substantial equivalence.

In July 1999, we received 510(k) clearance for the CyberKnife system for use in the head and neck regions of the body. In August 2001, we received 510(k) clearance for the CyberKnife system to provide treatment planning and image guided stereotactic radiosurgery and precision radiotherapy for lesions, tumors and conditions anywhere in the body where radiation treatment is indicated. In April 2002, we received 510(k) clearance for the Synchrony Motion Tracking System as an option to the CyberKnife system, intended to enable dynamic image guided stereotactic radiosurgery and precision radiotherapy of lesions, tumors and conditions that move under influence of respiration.

Pre-market approval (PMA) pathway. A PMA must be submitted to the FDA if the device cannot be approved through the 510(k) clearance process. A PMA must be supported by extensive data, including but not limited to, technical, preclinical, clinical trials, manufacturing and labeling to demonstrate to the FDA's satisfaction the safety and effectiveness of the device. No device that we have developed has required pre-market approval, nor do we currently expect that any future device or indication will require pre-market approval.

Product modifications. After a device receives 510(k) clearance or a PMA, any modification that could significantly affect its safety or effectiveness, or that would constitute a significant change in its intended use, will require a new clearance or approval. We have modified aspects of our CyberKnife system family of products since receiving regulatory clearance, and we have applied for and obtained additional 510(k) clearances for these modifications when we determined such clearances were required for the modifications. The FDA requires each manufacturer to make this determination initially, but the FDA can review any such decision and can disagree with a manufacturer's determination. If the FDA disagrees with our determination not to seek a new 510(k) clearance or PMA, the FDA may

retroactively require us to seek 510(k) clearance or pre-market approval. The FDA could also require us to cease marketing and distribution and/or recall the modified device until 510(k) clearance or pre-market approval is obtained. Also, in these circumstances, we may be subject to significant regulatory fines or penalties. During our fiscal year ended June 30, 2009, we submitted one 510(k) clearance notification for modifications made to the operation of the CyberKnife system. The submission was cleared on September 18, 2009.

Pervasive and continuing regulation. After a device is placed on the market, numerous regulatory requirements apply. These include:

- Quality System Regulation, or QSR, which require manufacturers, including third-party manufacturers, to follow stringent design, testing, control, documentation and other quality assurance procedures during product design and throughout the manufacturing process;
- Labeling regulations and FDA prohibitions against the promotion of products for uncleared, unapproved or off-label uses; and
- Medical device reporting regulations, which require that manufacturers report to the FDA if their device may have caused or contributed to a death or serious injury or malfunctioned in a way that would likely cause or contribute to a death or serious injury if the malfunction were to recur.

The FDA has broad post-market and regulatory enforcement powers. We are subject to unannounced inspections by the FDA and the Food and Drug Branch of the California Department of Health Services to determine our compliance with the QSR and other regulations, and these inspections may include the manufacturing facilities of some of our subcontractors. In the past, our prior facility has been inspected, and observations were noted. In August 2008, during routine inspections performed by the FDA, one minor observation was made. We have taken corrective action on the minor observation in response to the FDA's observation. There were no observations that involved a material violation of regulatory requirements. We believe that we are in substantial compliance with the QSR. Failure to comply with applicable regulatory requirements can result in enforcement action by the FDA, which may include any of the following sanctions:

- Fines, injunctions, consent decrees and civil penalties;
- Recall or seizure of our products;
- Operating restrictions, partial suspension or total shutdown of production;
- Refusing our requests for 510(k) clearance or pre-market approval of new products or new intended uses;
- Withdrawing 510(k) clearance or pre-market approvals that are already granted; and
- Criminal prosecution.

The FDA also has the authority to require us to repair, replace or refund the cost of any medical device that we have manufactured or distributed. If any of these events were to occur, they could have a material adverse effect on our business.

On August 3, 2010, the FDA, or Agency, released for public comment two internal working group reports with numerous recommendations (1) to improve the 510(k) process and (2) to utilize science in regulatory decision making in ways that encourage innovation yet maintain predictability. Comments are due in 60 days and the FDA is targeting the implementation of or setting timelines for the implementation of "non-controversial" recommendations by the end of the year. At the same time, the FDA acknowledges that the recommendations are preliminary and no decisions have been made on specific changes to pursue. Nevertheless, we anticipate significant changes will result in the way 510(k)

programs will operate and the data requirements, including clinical data, to obtain 510(k) clearance or PMA approval. We cannot predict what effect these reforms will have on our ability to obtain 510(k) clearances or PMA approvals in a timely manner or the effect on our business.

On June 9 and 10, 2010, the FDA held a public meeting entitled "Device Improvements to Reduce the Number of Under-doses, Over-doses, and Misaligned Exposures from Therapeutic Radiation." The expressed purpose of the meeting was to discuss steps that could be taken by manufacturers of radiation therapy devices to help reduce misadministration and misaligned exposures. In advance of and at the meeting, the FDA requested comments in the following areas: features that should be incorporated into radiation therapy devices and their related software, user training, and quality assurance measures. It is likely that the Agency will use the information gleaned at this meeting to revise the standards and requirements for designing, manufacturing and marketing devices such as ours, creating uncertainty in the current regulatory environment around our current products and development of future products.

Radiological health. Because our CyberKnife system contains both laser and X-ray components, and because we assemble these components during manufacturing and service activities, we are also regulated under the Electronic Product Radiation Control Provisions of the Federal Food, Drug, and Cosmetic Act. This law requires laser and X-ray products to comply with regulations and applicable performance standards, and manufacturers of these products to certify in product labeling and reports to the FDA that their products comply with all such standards. The law also requires manufacturers to file new product reports, and to file annual reports and maintain manufacturing, testing and sales records, and report product defects. Various warning labels must be affixed. Assemblers of diagnostic X-ray systems are also required to certify in reports to the FDA, equipment purchasers, and where applicable, to state agencies responsible for radiation protection, that diagnostic and/or therapeutic X-ray systems they assemble meet applicable requirements. Failure to comply with these requirements could result in enforcement action by the FDA, which can include injunctions, civil penalties, and the issuance of warning letters. In the past, we failed to submit required reports to the FDA in a timely fashion. To correct our reporting deficiencies, in 2003 we initiated a corrective action plan that included, among other things, filing all past due reports with the FDA, applicable state agencies, and customers. We have also developed and implemented procedures to ensure future reports are made in a timely manner. While we believe all past reporting deficiencies have been corrected, we cannot assure you that the FDA will deem our corrective actions sufficient or that the FDA will not initiate enforcement action against us.

Fraud and Abuse Laws

We are subject to various federal and state laws pertaining to healthcare fraud and abuse, including anti-kickback laws and physician self-referral laws. Violations of these laws are punishable by significant criminal and civil sanctions, including, in some instances, exclusion from participation in federal and state healthcare programs, including Medicare and Medicaid. Because of the far-reaching nature of these laws, there can be no assurance that we would not be required to alter one or more of our practices to be in compliance with these laws. Evolving interpretations of current laws, or the adoption of new federal or state laws or regulations could adversely affect many of the arrangements we have with customers and physicians. In addition, there can be no assurance that the occurrence of one or more violations of these laws or regulations would not result in a material adverse effect on our financial condition and results of operations.

Anti-kickback laws. Our operations are subject to broad and changing federal and state anti-kickback laws. The Office of the Inspector General of the Department of Health and Human Services, or the OIG, is primarily responsible for enforcing the federal Anti-Kickback Statute and generally for identifying fraud and abuse activities affecting government programs. The federal Anti-Kickback Statute prohibits persons from knowingly and willfully soliciting, receiving, offering or

providing remuneration directly or indirectly to induce either the referral of an individual, or the furnishing, recommending, or arranging of a good or service, for which payment may be made under a federal healthcare program such as Medicare and Medicaid. "Remuneration" has been broadly interpreted to include anything of value, including such items as gifts, discounts, the furnishing of supplies or equipment, credit arrangements, waiver of payments, and providing anything of value at less than fair market value.

Penalties for violating the federal Anti-Kickback Statute include criminal fines of up to $25,000 and/or imprisonment for up to five years for each violation, civil fines of up to $50,000 and possible exclusion from participation in federal healthcare programs such as Medicare and Medicaid. Many states have adopted prohibitions similar to the federal Anti-Kickback Statute, some of which apply to the referral of patients for healthcare services reimbursed by any source, not only by the Medicare and Medicaid programs, and do not include comparable exceptions.

The OIG has issued safe harbor regulations which set forth certain activities and business relationships that are deemed safe from prosecution under the federal Anti-Kickback Statute. There are safe harbors for various types of arrangements, including, without limitation, certain investment interests, leases and personal services and management contracts. The failure of a particular activity to comply in all regards with the safe harbor regulations does not mean that the activity violates the federal Anti-Kickback Statute or that prosecution will be pursued. However, conduct and business arrangements that do not fully satisfy each applicable safe harbor may result in increased scrutiny by government enforcement authorities such as the OIG.

The OIG has identified the following arrangements with purchasers and their agents as ones raising potential risk of violation of the federal Anti-Kickback Statute:

- Discount and free good arrangements that are not properly disclosed or accurately reported to federal healthcare programs;
- Product support services, including billing assistance, reimbursement consultation and other services specifically tied to support of the purchased product, offered in tandem with another service or program (such as a reimbursement guarantee) that confers a benefit to the purchaser;
- Educational grants conditioned in whole or in part on the purchase of equipment, or otherwise inappropriately influenced by sales and marketing considerations;
- Research funding arrangements, particularly post-marketing research activities, that are linked directly or indirectly to the purchase of products, or otherwise inappropriately influenced by sales and marketing considerations; and
- Other offers of remuneration to purchasers that are expressly or impliedly related to a sale or sales volume, such as "prebates" and "upfront payments," other free or reduced-price goods or services, and payments to cover costs of "converting" from a competitor's products, particularly where the selection criteria for such offers vary with the volume or value of business generated.

We have a variety of financial relationships with physicians who are in a position to generate business for us. For example, physicians who own our stock also provide medical advisory and other consulting and personal services. Similarly, we have a variety of different types of arrangements with our customers. For example, our shared ownership program provides a CyberKnife system to customers in exchange for the greater of fixed minimum payments or a portion of the service revenues generated by the customer from use of the CyberKnife. Included in the fee we charge for the shared ownership program are a variety of services, including physician training, educational and marketing support, general reimbursement guidance and technical support. In the case of our former placement program, certain services and upgrades were provided without additional charge based on procedure volume. In

the past, we have also provided loans to our customers. We also provide research grants to customers to support customer studies related to, among other things, our CyberKnife systems.

If our past or present operations are found to be in violation of the federal Anti-Kickback Statute or similar government regulations to which we or our customers are subject, we or our officers may be subject to the applicable penalty associated with the violation, including significant civil and criminal penalties, damages, fines, imprisonment, and exclusion from the Medicare and Medicaid programs. The impact of any such violation may lead to curtailment or restructuring of our operations. Any penalties, damages, fines, or curtailment or restructuring of our operations could adversely affect our ability to operate our business and our financial results. The risk of our being found in violation of these laws is increased by the fact that some of these laws are open to a variety of interpretations. Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses, divert our management's attention from the operation of our business and damage our reputation. If an enforcement action were to occur, our reputation and our business and financial condition could be harmed, even if we were to prevail or settle the action. Similarly, if the physicians or other providers or entities with whom we do business are found to be non-compliant with applicable laws, they may be subject to sanctions, which could also have a negative impact on our business. Several recently enacted state and federal laws, including laws in Massachusetts and Vermont, and the federal Physician Payment Sunshine Act, now require, among other things, extensive tracking, maintenance of data bases regarding and disclosures of relationships and payments to physicians and healthcare providers. These laws require us to implement the necessary and costly infrastructure to track and report certain payments to healthcare providers. Failure to comply with these new tracking and reporting laws could subject us to significant civil monetary penalties.

Physician self-referral laws. We are also subject to federal and state physician self-referral laws. The federal Ethics in Patient Referral Act of 1989, commonly known as the Stark Law, prohibits, subject to certain exceptions, physician referrals of Medicare and Medicaid patients to an entity providing certain "designated health services" if the physician or an immediate family member has any financial relationship with the entity. The Stark Law also prohibits the entity receiving the referral from billing any good or service furnished pursuant to an unlawful referral.

In addition, in July 2008, CMS issued a final rule implementing significant amendments to the regulations under the federal Ethics in Patient Referrals Act, which is more commonly known as the Stark Law. The final rule, which was effective October 1, 2009, imposes additional limitations on the ability of physicians to refer patients to medical facilities in which the physician has an ownership interest for treatment. Among other things, the rule provides that leases of equipment between physician owners that may refer patients and hospitals must be on a fixed rate, rather than a per use basis. Prior to enactment of the final rule, physician owned entities had increasingly become involved in the acquisition of medical technologies, including the CyberKnife system. In many cases, these entities entered into arrangements with hospitals that billed Medicare for the furnishing of medical services, and the physician owners were among the physicians who referred patients to the entity for services. The rule limits these arrangements and could require the restructuring of existing arrangements between physicians owned entities and hospitals and could discourage physicians from participating in the acquisition and ownership of medical technologies. The final rule also prohibits percentage-based compensation in equipment leases. As a result of the finalization of these regulations, some existing CyberKnife system operators have modified or restructured their corporate or organizational structures. In addition, certain customers that planned to open CyberKnife centers in the United States involving physician ownership have restructured their legal ownership structure. Certain entities were not able to establish viable models for CyberKnife system operation and therefore canceled their CyberKnife system purchase agreements. Accordingly, these regulations have resulted in cancellations of CyberKnife system purchase agreements and could also reduce the attractiveness of medical technology acquisitions, including CyberKnife system purchases, by physician-owned joint ventures or similar

entities. As a result, these regulations have had, and could continue to have, an adverse impact on our product sales and therefore on our business and results of operations.

A person who engages in a scheme to circumvent the Stark Law's referral prohibition may be fined up to $100,000 for each such arrangement or scheme. In addition, any person who presents or causes to be presented a claim to the Medicare or Medicaid programs in violations of the Stark Law is subject to civil monetary penalties of up to $15,000 per bill submission, an assessment of up to three times the amount claimed, and possible exclusion from federal healthcare programs such as Medicare and Medicaid. Various states have corollary laws to the Stark Law, including laws that require physicians to disclose any financial interest they may have with a healthcare provider to their patients when referring patients to that provider. Both the scope and exceptions for such laws vary from state to state.

Federal False Claims Act. The federal False Claims Act prohibits the knowing filing or causing the filing of a false claim or the knowing use of false statements to obtain payment from the federal government. When an entity is determined to have violated the False Claims Act, it must pay three times the actual damages sustained by the government, plus mandatory civil penalties of between $5,500 and $11,000 for each separate false claim. Suits filed under the False Claims Act, known as "qui tam" actions, can be brought by any individual on behalf of the government and such individuals, sometimes known as "relators" or, more commonly, as "whistleblowers", may share in any amounts paid by the entity to the government in fines or settlement. In addition, certain states have enacted laws modeled after the federal False Claims Act. Qui tam actions have increased significantly in recent years, causing greater numbers of healthcare companies to have to defend a false claim action, pay fines or be excluded from Medicare, Medicaid or other federal or state healthcare programs as a result of an investigation arising out of such action. We have retained the services of a reimbursement consultant, for which we pay certain consulting fees, to provide us and facilities that have purchased a CyberKnife system or acquired a CyberKnife system through our shared ownership program, with general reimbursement advice. While we believe this will assist our customers in filing proper claims for reimbursement and such consultants do not submit claims on behalf of our customers, the fact that we provide these consultant services could expose us to additional scrutiny and possible liability in the event one of our customers is investigated as a result of any of these laws.

HIPAA. The Health Insurance Portability and Accountability Act of 1996, or HIPAA, created two new federal crimes: healthcare fraud and false statements relating to healthcare matters. The healthcare fraud statute prohibits knowingly and willfully executing a scheme to defraud any healthcare benefit program, including private payors. A violation of this statute is a felony and may result in fines, imprisonment or exclusion from government sponsored programs. The false statements statute prohibits knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. A violation of this statute is a felony and may result in fines or imprisonment.

As a participant in the healthcare industry, we are also subject to extensive laws and regulations protecting the privacy and integrity of patient medical information, including privacy and security standards required under HIPAA. The HIPAA privacy standard was recently amended by the Health Information Technology for Economic and Clinical Health Act (HITECH), enacted as part of the American Recovery and Reinvestment Act of 2009. HITECH significantly increases the civil money penalties for violations of patient privacy rights protected under HIPAA. Furthermore, as of February 2010, Business Associates who have access to patient health information provided by hospitals and healthcare providers are now directly subject to HIPAA, including a new enforcement scheme and inspection requirements.

International Regulation

International sales of medical devices are subject to foreign government regulations, which vary substantially from country to country. The time required to obtain clearance or approval by a foreign country may be longer or shorter than that required for FDA clearance or approval, and the requirements may be different.

The primary regulatory environment in Europe is that of the European Union and the three additional member states of the European Economic Area, or EEA, which have adopted similar laws and regulations with respect to medical devices. The European Union has adopted numerous directives and the European Committee for Standardization has promulgated standards regulating the design, manufacture, clinical trials, labeling and adverse event reporting for medical devices. Devices that comply with the requirements of the relevant directive will be entitled to bear CE conformity marking, indicating that the device conforms with the essential requirements of the applicable directives and, accordingly, may be commercially distributed throughout the member states of the European Economic Area.

The method of assessing conformity to applicable standards and directives depends on the type and class of the product, but normally involves a combination of self-assessment by the manufacturer and a third-party assessment by a notified body, an independent and neutral institution appointed by a European Union member state to conduct the conformity assessment. This relevant assessment may consist of an audit of the manufacturer's quality system (currently ISO 13485), provisions of the Medical Devices Directive, and specific testing of the manufacturer's device. In September 2002, our facility was awarded the ISO 13485 certification, which replaces the ISO 9001 and EN 46001 approvals, which has been subsequently maintained through periodic assessments, in accordance with the expiration dates of the standards, and we are currently authorized to affix the CE mark to our products, allowing us to sell our products throughout the European Economic Area.

We are also currently subject to regulations in Japan. A Japanese distributor received the first government approval to market the CyberKnife system from the Ministry of Health and Welfare, or MHLW, in November 1996. In December, 2003, we received approval from the MHLW to market the CyberKnife system in Japan for clinical applications in the head and neck, and a new distributor, Chiyoda Technol Corporation, was appointed to distribute the CyberKnife system. In June 2008, we received approval from the MHLW to market the CyberKnife system for treatments throughout the body where radiation treatment is indicated. On June 30, 2009, our subsidiary, Accuray Japan KK, became the Marketing Authorization Holder in Japan, which allowed the Company to directly sell our products in Japan. In August 2010, we received Shonin approval from the Japanese Ministry of Health, Labor and Welfare (MHLW) to market the CyberKnife G4 system to treat tumors non-invasively anywhere in the body, inclusive of head and neck.

We are subject to additional regulations in other foreign countries, including, but not limited to, Canada, Taiwan, China, Korea, and Russia in order to sell our products. We intend that either we or our distributors will receive any necessary approvals or clearance prior to marketing our products in those international markets.

State Certificate of Need Laws

In some states, a certificate of need or similar regulatory approval is required prior to the acquisition of high-cost capital items or the provision of new services. These laws generally require appropriate state agency determination of public need and approval prior to the acquisition of such capital items or addition of new services. Certificate of need regulations may preclude our customers from acquiring the CyberKnife system, whether through purchase or our shared ownership program, and from performing stereotactic radiosurgery procedures using the CyberKnife system. Several of our prospective customers currently are involved in appeals of certificate of need determinations. If these

appeals are not resolved in favor of these prospective customers, they may be precluded from purchasing and/or performing services using the CyberKnife system. Certificate of need laws are the subject of continuing legislative activity, and a significant increase in the number of states regulating the acquisition and use of the CyberKnife system through certificate of need or similar programs could adversely affect us.

Employees

As of June 30, 2010, we had 451 employees worldwide, including 117 in research and development, 75 in sales and marketing, 132in installation and service, 32 in manufacturing, and 95 in administration. None of the employees is represented by a labor union or is covered by a collective bargaining agreement. We have never experienced any employment related work stoppages and we believe our relationship with our employees is good.

Geographic Information

For financial reporting purposes, net sales and long-lived assets attributable to significant geographic areas are presented in "Note 2. Significant Accounting Policies" in the notes to the consolidated financial statements.

Available Information

Our web site is located at *www.accuray.com.* We make available on this web site, free of charge, copies of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and our proxy statements as soon as reasonably practicable after filing such material electronically or otherwise furnishing it to the Securities and Exchange Commission. The contents of our web site are not intended to be incorporated by reference into this report or in any other report or document we file or furnish, and any references to our web site are intended to be textual references only.

Item 1A. RISK FACTORS

Risks Related to Our Business

If the CyberKnife system does not achieve widespread market acceptance, we will not be able to generate the revenue necessary to support our business.

Achieving physician, patient, hospital administrator and third-party payor acceptance of the CyberKnife system as a preferred method of tumor treatment will be crucial to our continued success. Physicians will not begin to use or increase the use of the CyberKnife system unless they determine, based on experience, clinical data and other factors, that the CyberKnife system is a safe and effective alternative to current treatment methods. We often need to educate physicians about the use of stereotactic radiosurgery, convince healthcare payors that the benefits of the CyberKnife system and its related treatment process outweigh its costs and help train qualified physicists in the skilled use of the CyberKnife system. For example, the complexity and dynamic nature of stereotactic radiosurgery and IMRT requires significant education of hospital personnel and physicians regarding the benefits of stereotactic radiosurgery and IMRT and require departures from their customary practices. We have expended and will continue to expend significant resources on marketing and educational efforts to create awareness of stereotactic radiosurgery and IMRT generally and to encourage the acceptance and adoption of our products for these technologies.

The CyberKnife system was initially used primarily for the treatment of tumors in the brain, and the broader use of the system to treat tumors elsewhere in the body has been a more recent development. As a result, physician and patient acceptance of the CyberKnife system as a

comprehensive tool for treatment of solid tumor cancers anywhere in the body has not yet been fully demonstrated, particularly as compared to products, systems or technologies that have longer histories in the marketplace. The CyberKnife system is a major capital purchase and purchase decisions are greatly influenced by hospital administrators who are subject to increasing pressures to reduce costs. These and other factors, including the following, may affect the rate and level of the CyberKnife system's market acceptance:

- The CyberKnife system's price relative to other products or competing treatments;
- Our ability to develop new products and enhancements to existing products in a timely manner;
- Effectiveness of our sales and marketing efforts;
- The impact of the current economic environment on our business, including the postponement by our customers of purchase decisions or required build-outs;
- Capital equipment budgets of healthcare institutions;
- Perception by physicians and other members of the healthcare community of the CyberKnife system's safety, efficacy and benefits compared to competing technologies or treatments;
- Publication in peer-reviewed medical journals of data regarding the successful use and longer term clinical benefits of the CyberKnife system;
- Willingness of physicians to adopt new techniques and the ability of physicians to acquire the skills necessary to operate the CyberKnife system;
- Extent of third-party coverage and reimbursement rates, particularly from Medicare, for procedures using the CyberKnife system;
- Development of new products and technologies by our competitors or new treatment alternatives;
- Regulatory developments related to manufacturing, marketing and selling the CyberKnife system both within and outside the United States;
- Perceived liability risks arising from the use of new products; and
- Unfavorable publicity concerning the CyberKnife system or radiation-based treatment alternatives.

If the CyberKnife system is unable to achieve or maintain market acceptance, our revenue levels would decrease and our business would be harmed.

If we are unable to develop new products or enhance existing products, we may be unable to attract or retain customers.

Our success depends on the successful development, introduction and commercialization of new generations of products, treatment systems, and enhancements to and/or simplification of existing products. The CyberKnife system is technologically complex and must keep pace with, among other things, the products of our competitors. We are making significant investments in long-term growth initiatives. For example, in November of 2009 we announced the introduction of the CyberKnife VSI system, which allows physicians to perform conventionally fractioned robotic intensity modulated radiation therapy, or Robotic IMRT, in addition to stereotactic radiosurgery. Such initiatives require significant capital commitments, involvement of senior management and other investments on our part, which we may be unable to recover. Our timeline for the development of new products or enhancements may not be achieved and price and profitability targets may not prove feasible. Commercialization of new products may prove challenging, and we may be required to invest more

time and money than expected to successfully introduce them. Once introduced, new products may adversely impact orders and sales of our existing products, or make them less desirable or even obsolete. Compliance with regulations, competitive alternatives, and shifting market preferences may also impact the successful implementation of new products or enhancements.

Our ability to successfully develop and introduce new products, treatment systems and product enhancements and simplifications, and the revenues and costs associated with these efforts, are affected by our ability to:

- Properly identify customer needs;
- Prove feasibility of new products;
- Educate physicians about the use of new products and procedures;
- Limit the time required from proof of feasibility to routine production;
- Comply with internal quality assurance systems and processes timely and efficiently;
- Limit the timing and cost of regulatory approvals;
- Accurately predict and control costs associated with inventory overruns caused by phase-in of new products and phase-out of old products;
- Price our products competitively;
- Manufacture and deliver our products in sufficient volumes on time, and accurately predict and control costs associated with manufacturing, installation, warranty and maintenance of the products;
- Manage customer acceptance and payment for products;
- Manage customer demands for retrofits of both old and new products; and
- Anticipate and compete successfully with competitors.

Even if customers accept new products or product enhancements, the revenues from these products may not be sufficient to offset the significant costs associated with making them available to customers.

We cannot be sure that we will be able to successfully develop, manufacture or introduce new products, treatment systems or enhancements, the roll-out of which involves compliance with complex quality assurance processes, including the quality system regulation, or QSR, and enforced by the FDA. Failure to complete these processes timely and efficiently could result in delays that could affect our ability to attract and retain customers, or could cause customers to delay or cancel orders, causing our backlog, revenues and operating results to suffer.

If we are unable to provide the significant education and training required for the healthcare market to accept our products, our business will suffer.

In order to achieve market acceptance of the CyberKnife system, we often need to educate physicians about the use of stereotactic radiosurgery, convince healthcare payors that the benefits of the CyberKnife system and its related treatment process outweigh its costs and help train qualified physicists in the skilled use of the CyberKnife system. For example, the complexity and dynamic nature of stereotactic radiosurgery and Robotic IMRT requires significant education of hospital personnel and physicians regarding the benefits of stereotactic radiosurgery and Robotic IMRT and require departures from their customary practices. We have expended and will continue to expend significant resources on marketing and educational efforts to create awareness of stereotactic radiosurgery and Robotic IMRT and to encourage the acceptance and adoption of our products for these technologies. We cannot be

sure that any products we develop will gain significant market acceptance among physicians, patients and healthcare payors, even if we spend significant time and expense on their education. Failure to gain significant market acceptance would adversely affect our product sales and revenues, harming our business, financial condition and results of operations.

We have a large accumulated deficit, may incur future losses and may be unable to maintain profitability.

As of June 30, 2010, we had an accumulated deficit of $117.7 million. We may incur net losses in the future, particularly as we increase our manufacturing, research and development, and marketing activities in connection with, among other things, the Strategic Alliance Agreement we entered into with Siemens AG on June 8, 2010. Our ability to maintain long-term profitability is largely dependent on our ability to successfully market and sell the CyberKnife system and to control our costs and effectively manage our growth. We cannot assure you that we will be able to maintain profitability. In the event we fail to maintain profitability, our stock price could decline.

We face risks related to the current global economic environment, which could delay or prevent our customers from obtaining financing to purchase the CyberKnife system and implement the required facilities, which would adversely affect our business, financial condition and results of operations.

The state of the global economy continues to be uncertain. The current global economic conditions pose a risk to the overall economy that could impact consumer and customer demand for our products, as well as our ability to manage normal commercial relationships with our customers, suppliers and creditors, including financial institutions. If the current situation deteriorates or does not improve, our business could be negatively affected, including such areas as reduced demand for our products resulting from a slow-down in the general economy, supplier or customer disruptions and/or temporary interruptions in our ability to conduct day-to-day transactions through our financial intermediaries involving the payment to or collection of funds from our customers, vendors and suppliers.

In addition, due to tight credit markets and concerns regarding the availability of credit, particularly in the United States, some of our customers have been delayed in obtaining, or have not been able to obtain, necessary financing for their purchases of the CyberKnife system or for the construction or renovation of facilities to house CyberKnife systems. To date, these delays have primarily affected customers that were planning to operate freestanding CyberKnife systems, rather than hospital-based customers. These delays have in some instances led to our customers postponing the shipment and installation of previously ordered systems or cancelling their system orders, and may cause other customers to postpone their system installation or to cancel their agreements with us. An increase in delays and order cancellations of this nature would adversely affect our product sales and revenues, and therefore harm our business and results of operations.

The high unit price of the CyberKnife system, as well as other factors, may contribute to substantial fluctuations in our operating results, which could adversely affect our stock price.

Because of the high unit price of the CyberKnife system and the relatively small number of units installed each quarter, each installation of a CyberKnife system can represent a significant percentage of our revenue for a particular quarter. Therefore, if we do not install a CyberKnife system when anticipated, our operating results will vary significantly from our expectations. This is of particular concern in the current volatile economic environment, where we have had experiences with customers cancelling or postponing orders for our CyberKnife system and delaying the required build-outs. These fluctuations and other potential fluctuations mean that you should not rely upon our operating results

in any particular period as an indication of future performance. In particular, factors which may contribute to these fluctuations include:

- Timing of when we are able to recognize revenue associated with sales of the CyberKnife system, which varies depending upon the terms of the applicable sales and service contracts;
- The proportion of revenue attributable to purchases of the CyberKnife system, our shared ownership program and installations, which is associated with our legacy service plans;
- Timing and level of expenditures associated with new product development activities;
- Regulatory requirements in some states for a certificate of need prior to the installation of a radiation device;
- Delays in shipment due, for example, to unanticipated construction delays at customer locations where our products are to be installed, cancellations by customers, natural disasters or labor disturbances;
- Delays in our manufacturing processes or unexpected manufacturing difficulties;
- Timing of the announcement, introduction and delivery of new products or product upgrades by us and by our competitors;
- Timing and level of expenditures associated with expansion of sales and marketing activities such as trade shows and our overall operations;
- Fluctuations in our gross margins and the factors that contribute to such fluctuations, as described in the Management Discussion and Analysis Results of Operations below;
- How well we execute on our strategic and operating plans;
- The extent to which our products gain market acceptance;
- Actions relating to regulatory matters;
- Demand for our products;
- Our ability to develop, introduce and market new or enhanced versions of our products on a timely basis;
- Our ability to protect our proprietary rights and defend against third party challenges;
- Disruptions in the supply or changes in the costs of raw materials, labor, product components or transportation services; and
- Changes in third party coverage and reimbursement, changes in government regulation, or a change in a customer's financial condition or ability to obtain financing.

These factors are difficult to forecast and may contribute to substantial fluctuations in our quarterly revenues and substantial variation from our projections, particularly during the periods in which our sales volume is low. These fluctuations may cause volatility in our stock price.

Because the majority of our revenue is derived from sales of the CyberKnife system, and because we experience a long and variable sales and installation cycle, our quarterly results may be inconsistent from period to period. These fluctuations in revenue may make it difficult to predict our revenue.

Our primary product is the CyberKnife system. We expect to generate substantially all of our revenue for the foreseeable future from sales of and

service contracts for the CyberKnife system. The CyberKnife system has lengthy sales and purchase order cycles because it is a major capital equipment item and requires the approval of senior management at purchasing institutions. The sales process in

the United States typically begins with pre-selling activity followed by sales presentations and other sales-related activities. After the customer has expressed an intention to purchase a CyberKnife system, we negotiate and enter into a definitive purchase contract with the customer. Typically, following the execution of the contract, the customer begins the building or renovation of a facility to house the CyberKnife system, which together with the subsequent installation of the CyberKnife system, can take up to 24 months to complete. During the period prior to installation, the customer must build a radiation-shielded facility to house its CyberKnife system. In order to construct this facility, the customer must typically obtain radiation device installation permits, which are granted by state and local government bodies, each of which may have different criteria for permit issuance. If a permit were denied for installation at a specific hospital or treatment center, our CyberKnife system could not be installed at that location. In addition, some of our customers are cancer centers or facilities that are new, and in these cases it may be necessary for the entire facility to be completed before the CyberKnife system can be installed, which can result in additional construction and installation delays. Our sales and installations of CyberKnife systems tend to be heaviest during the third month of each fiscal quarter.

Under our revenue recognition policy, we generally do not recognize revenue attributable to a CyberKnife system purchase until after installation has occurred, if we are responsible for providing installation, or delivery. For international sales through distributors, we typically recognize revenue when the system is shipped with evidence of sell through to the end user. Under our current forms of purchase and service contracts, we receive a majority of the purchase price for the CyberKnife system upon installation or delivery of the system. Events beyond our control may delay installation and the satisfaction of contingencies required to receive cash inflows and recognize revenue, such as:

- Procurement delay;
- Customer funding or financing delay;
- Delay in or unforeseen difficulties related to customers organizing legal entities and obtaining financing for CyberKnife system acquisition;
- Construction delay;
- Delay pending customer receipt of regulatory approvals, including, for example, certificates of need;
- Delay pending customer receipt of a building or radiation device installation permit; and
- Delay caused by weather or natural disaster.

In the event that a customer does not, for any of the reasons above or other reasons, proceed with installation of the system after entering into a purchase contract, we would only recognize up to the deposit portion of the purchase price as revenue, unless the deposit was refunded to the customer. Therefore, the long sales cycle together with delays in the shipment and installation of CyberKnife systems or customer cancellations would adversely affect our cash flows and revenue, which would harm our results of operations and may result in significant fluctuations in our reporting of quarterly revenues. Because of these fluctuations, it is likely that in some future quarters, our operating results will fall below the expectations of securities analysts or investors. If that happens, the market price of our stock would likely decrease. These fluctuations also mean that you will not be able to rely upon our operating results in any particular period as an indication of future performance.

Our ability to increase our profitability depends in part on maintaining or increasing our gross margins on product sales and service, which we may not be able to achieve.

A number of factors may result in adverse impacts to our gross margins, including:

- The timing of revenue recognition and revenue deferrals;
- Sales discounts;
- Changes in product configurations;
- Increases in material or labor costs;
- Increased service costs;
- Increased warranty costs;
- Excess inventory and inventory holding charges;
- Obsolescence charges;
- Our ability to reduce production costs;
- Increased price competition;
- Variation in the margins across products installed in a particular period; and
- How well we execute on our strategic and operating plans.

If third-party payors do not provide sufficient coverage and reimbursement to healthcare providers for use of the CyberKnife system, demand for our products and our revenue could be adversely affected.

Our customers rely significantly on reimbursement for CyberKnife procedures. Our ability to commercialize our products successfully will depend in significant part on the extent to which public and private third-party payors provide adequate coverage and reimbursement for our products and related procedures. Third party payors, and in particular managed care organizations, challenge the prices charged for medical products and services and institute cost containment measures to control or significantly influence the purchase of medical products and services. If reimbursement policies or other cost containment measures are instituted in a manner that significantly reduces the coverage for or payment of our products, our existing customers may not continue using our products or may decrease their use of our products, and we may have difficulty obtaining new customers. Such actions would likely have a material adverse effect on our operating results. In October 2009, the centers for Medicare and Medicaid Services, or CMS, issued the 2010 Medicare payment rates. The reimbursement rates are modestly lower than in the prior year, which could have a negative impact on the continued use of our products by existing customers and our ability to obtain new customers. CMS reviews such rates annually, and could implement more significant changes in future years. If in the future CMS significantly decreases reimbursement rates for stereotactic radiosurgery and Robotic IMRT services, or if other cost containment measures are implemented in the United States or elsewhere, such changes could discourage cancer treatment centers and hospitals from purchasing our products. We have seen our customers' decision making process complicated by the uncertainty surrounding the proposed reduction in Medicare reimbursement rates for radiotherapy and radiosurgery at freestanding clinics in the United States and for physician reimbursement for radiation oncology, which has resulted in delay and sometimes even failure to purchase our products.

Our industry is subject to intense competition and rapid technological change, which may result in products or new tumor treatments that are superior to the CyberKnife system. If we are unable to anticipate or keep pace with changes in the marketplace and the direction of technological innovation and customer demands, our products may become less useful or obsolete and our operating results will suffer.

The medical device industry in general and the non-invasive cancer treatment field in particular are subject to intense and increasing competition and rapidly evolving technologies. Because our products often have long development and government approval cycles, we must anticipate changes in the marketplace and the direction of technological innovation and customer demands. To compete successfully, we will need to continue to demonstrate the advantages of our products and technologies over well-established alternative procedures, products and technologies, and convince physicians and other healthcare decision makers of the advantages of our products and technologies. Traditional surgery and other forms of minimally invasive procedures, chemotherapy or other drugs remain alternatives to the CyberKnife system. Also, we compete directly with traditional standard linac based radiation therapy systems primarily from Elekta AB (publ), or Elekta, BrainLAB AG, the Integra Radionics business of Integra LifeSciences Holdings Corporation, or Radionics, and Varian Medical Systems, Inc., or Varian, and we believe that new competitors will enter our market.

The market for standard linear accelerators is dominated by three companies: Elekta, Siemens AG and Varian. In addition, TomoTherapy Incorporated markets and sells a radiation therapy product. The CyberKnife system has not typically been used to perform traditional radiation therapy and therefore competition has been limited with standard medical linacs that perform traditional radiation therapy. However, the CyberKnife VSI system, which we introduced in November of 2009, may be used to perform Robotic IMRT, an advanced method of traditional radiation therapy, which products of these competitors are also capable of performing. In addition, some manufacturers of standard linac based radiation therapy systems, including Varian and Elekta, have products that can be used in combination with body and/or head frames and image-guidance systems to perform radiosurgery. Furthermore, many government, academic and business entities are investing substantial resources in research and development of cancer treatments, including surgical approaches, radiation treatment, drug treatment, gene therapy, which is the treatment of disease by replacing, manipulating, or supplementing nonfunctional genes, and other approaches. Moreover, at least one other company has announced that it is developing a product that, if introduced, would be directly competitive with the CyberKnife. Successful developments that result in new approaches for the treatment of cancer could reduce the attractiveness of our products or render them obsolete.

Our future success will depend in large part on our ability to establish and maintain a competitive position in current and future technologies. Rapid technological development may render the CyberKnife system and its technologies obsolete. Many of our competitors have or may have greater corporate, financial, operational, sales and marketing resources, and more experience in research and development than we have. We cannot assure you that our competitors will not succeed in developing or marketing technologies or products that are more effective or commercially attractive than our products or that would render our technologies and products obsolete. We may not have the financial resources, technical expertise, marketing, distribution or support capabilities to compete successfully in the future. Our success will depend in large part on our ability to maintain a competitive position with our technologies.

Our competitive position also depends on:

- Widespread awareness, acceptance and adoption by the radiation oncology and cancer therapy markets of our products;
- The discovery of new technologies that improve the effectiveness and productivity of the CyberKnife system radiosurgery process;

- Product coverage and reimbursement from third-party payors, insurance companies and others;
- Properly identifying customer needs and delivering new products or product enhancements to address those needs;
- Published studies supporting the efficacy and safety and long-term clinical benefit of the CyberKnife system;
- Limiting the time required from proof of feasibility to routine production;
- Limiting the timing and cost of regulatory approvals;
- Our ability to attract and retain qualified personnel;
- The extent of our patent protection or our ability to otherwise develop proprietary products and processes;
- Securing sufficient capital resources to expand both our continued research and development, and sales and marketing efforts; and
- Obtaining any necessary United States or foreign marketing approvals or clearances.

If customers choose not to purchase a CyberKnife system or choose to purchase our competitors' products, our revenue and market share would be adversely impacted. In addition, companies in the pharmaceutical or biotechnology fields may seek to develop methods of cancer treatment that are more effective than radiation therapy and radiosurgery, resulting in decreased demand for the CyberKnife system. Because the CyberKnife system has a long development cycle and because it can take significant time to receive government approvals for changes to the CyberKnife system, we must anticipate changes in the marketplace and the direction of technological innovation. Accordingly, if we are unable to anticipate and keep pace with new innovations in the cancer treatment market, the CyberKnife system or an aspect of its functionality may be rendered obsolete, which would have a material adverse effect on our business, financial condition and results of operations.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results. As a result, current and potential stockholders could lose confidence in our financial reporting, which could have an adverse effect on our business and our stock price.

Effective internal controls are necessary for us to provide reliable financial reports and to protect from fraudulent, illegal or unauthorized transactions. If we cannot provide effective controls and reliable financial reports, our business and operating results could be harmed. Our management determined, as of June 30, 2008 and September 30, 2008, that we had material weaknesses in our internal control over financial reporting and that our disclosure controls and procedures were not effective. We began our remediation efforts in fiscal year 2009 and we concluded that there were no deficiencies in our internal control over financial reporting that would constitute a material weakness as of June 30, 2009 or since then. Although we are making additional improvements in our internal controls over financial reporting, in future periods we may conclude that we have one or more material weaknesses, and remedying these material weaknesses may require significant additional financial and managerial resources and could result in a loss of investor confidence in our internal controls and financial reporting.

We may have difficulties in determining the effectiveness of our internal control due to our complex financial model.

The complexity of our financial model contributes to our need for effective financial reporting systems and internal controls. We recognize revenue from a range of transactions including CyberKnife system sales, our shared ownership program and services. The CyberKnife system is a complex product

that contains both hardware and software elements. Since the software element is a significant component in our solution, we are bound by the software revenue recognition rules for our business. The complexity of the CyberKnife system and of our financial model pertaining to revenue recognition requires us to process a broader range of financial transactions than would be required by a company with a less complex financial model. Accordingly, deficiencies or weaknesses in our internal controls would likely impact us more significantly than they would impact a company with a less complex financial model. If we were to find that our internal controls were deficient, we could be required to amend or restate our historical financial statements, which would likely have a negative impact on our stock price.

Our reliance on single source suppliers for critical components of the CyberKnife system could harm our ability to meet demand for our products in a timely and cost effective manner.

We currently depend on single source suppliers for some of the critical components necessary for the assembly of the CyberKnife system, including the robotic manipulator, imaging plates, treatment table, robotic couch and magnetron, which creates the microwaves for use in the linear accelerator. If any single source suppliers were to cease delivering components to us or fail to provide the components on a timely basis, we might be required to find alternative sources for these components. We may have difficulty or be unable to find alternative sources for these components. As a result, we may be unable to meet the demand for the CyberKnife system, which could harm our ability to generate revenue and damage our reputation. Even if we do find alternate suppliers, we might be required to qualify any such alternate suppliers and we would likely experience a lengthy delay in our manufacturing processes or a cessation in production, which would result in delays of shipment to end users. We cannot assure you that our single source suppliers will be able or willing to meet our future demands.

We generally do not maintain large volumes of inventory, which makes us even more susceptible to harm if a single source supplier fails to deliver components on a timely basis. Furthermore, if we are required to change the manufacturer of a critical component of the CyberKnife system, we will be required to verify that the new manufacturer maintains facilities, procedures and operations that comply with our quality and applicable regulatory requirements. We also will be required to assess the new manufacturer's compliance with all applicable regulations and guidelines, which could further impede our ability to manufacture our products in a timely manner. If the change in manufacturer results in a significant change to the product, a new 510(k) clearance would be necessary, which would likely cause substantial delays. The disruption or termination of the supply of key components for the CyberKnife system could harm our ability to manufacture our products in a timely manner or within budget, harm our ability to generate revenue, lead to customer dissatisfaction and damage our reputation.

It is difficult and costly to protect our intellectual property and our proprietary technologies, and we may not be able to ensure their protection.

Our success depends significantly on our ability to obtain, maintain and protect our proprietary rights to the technologies used in our products. Patents and other proprietary rights provide uncertain protections, and we may be unable to protect our intellectual property. For example, we may be unsuccessful in defending our patents and other proprietary rights against third party challenges.

In addition to patents, we rely on a combination of trade secrets, copyright and trademark laws, nondisclosure agreements and other contractual provisions and technical security measures to protect our intellectual property rights. These measures may not be adequate to safeguard the technology underlying our products. If these measures do not protect our rights adequately, third parties could use our technology, and our ability to compete in the market would be reduced. Although we have attempted to obtain patent coverage for our technology where available and appropriate, there are aspects of the technology for which patent coverage was never sought or never received. There are also

countries in which we sell or intend to sell the CyberKnife system but have no patents or pending patent applications. Our ability to prevent others from making or selling duplicate or similar technologies will be impaired in those countries in which we have no patent protection. Although we have several issued patents in the United States and in foreign countries protecting aspects of the CyberKnife system, our pending United States and foreign patent applications may not issue, may issue only with limited coverage or may issue and be subsequently successfully challenged by others and held invalid or unenforceable.

Similarly, our issued patents and those of our licensors may not provide us with any competitive advantages. Competitors may be able to design around our patents or develop products which provide outcomes comparable or superior to ours. Our patents may be held invalid or unenforceable as a result of legal challenges by third parties, and others may challenge the inventorship or ownership of our patents and pending patent applications. In addition, the laws of some foreign countries may not protect our intellectual property rights to the same extent as do the laws of the United States. In the event a competitor infringes upon our patent or other intellectual property rights, enforcing those rights may be difficult and time consuming. Even if successful, litigation to enforce our intellectual property rights or to defend our patents against challenge could be expensive and time consuming and could divert our management's attention. We may not have sufficient resources to enforce our intellectual property rights or to defend our patents against a challenge.

We also license patent and other proprietary rights to aspects of our technology to third parties in fields where we currently do not operate as well as in fields where we currently do operate. Disputes with our licensees may arise regarding the scope and content of these licenses. Further, our ability to expand into additional fields with our technologies may be restricted by our existing licenses or licenses we may grant to third parties in the future.

In October 2006, January 2007 and February 2007, we received correspondence from American Science and Engineering, Inc., or AS&E, expressing concerns that we may be using certain intellectual property we acquired from AS&E through the HES acquisition in a manner that breaches, or may breach, our contractual obligations under a license agreement with them in certain non-medical fields. The intellectual property at issue relates to the development of a next-generation linac that could be used for medical as well as non-medical purposes. We are developing the technology used in the next-generation linac independently from the intellectual property we obtained from the HES acquisition. In January of 2010 we entered into a Supply Agreement with AS&E, pursuant to which AS&E has acknowledged and agreed that our use of the intellectual property at issue did not breach or contravene the license agreement.

The policies we have in place to protect our trade secrets may not be effective in preventing misappropriation of our trade secrets by others. In addition, confidentiality agreements executed by our employees, consultants and advisors may not be enforceable or may not provide meaningful protection for our trade secrets or other proprietary information in the event of unauthorized use or disclosure. Litigating a trade secret claim is expensive and time consuming, and the outcome is unpredictable. In addition, courts outside the United States are sometimes less willing to protect trade secrets. Moreover, our competitors may independently develop equivalent knowledge methods and know-how. If we are unable to protect our intellectual property rights, we may be unable to prevent competitors from using our own inventions and intellectual property to compete against us, and our business may be harmed.

Third parties may claim we are infringing their intellectual property, and we could suffer significant litigation or licensing expenses or be prevented from selling our product.

The medical device industry is characterized by a substantial amount of litigation over patent and other intellectual property rights. In particular, the field of radiation treatment of cancer is well established and crowded with the intellectual property of competitors and others. We also expect that

other participants will enter the field—in particular, at least one other company has announced that it is developing a product that would be directly competitive with the CyberKnife. A number of companies in our market, as well as universities and research institutions, have issued patents and have filed patent applications which relate to the use of stereotactic radiosurgery to treat solid cancerous and benign tumors.

Determining whether a product infringes a patent involves complex legal and factual issues, and the outcome of patent litigation actions is often uncertain. We have not conducted an extensive search of patents issued to third parties, and no assurance can be given that third party patents containing claims covering our products, parts of our products, technology or methods do not exist, have not been filed, or could not be filed or issued. Because of the number of patents issued and patent applications filed in our technical areas or fields, our competitors or other third parties may assert that our products and the methods we employ in the use of our products are covered by United States or foreign patents held by them. For example, on August 6, 2010, Best Medical International, Inc. ("Best Medical") filed an additional lawsuit against the Company in the U.S. District court for the Western District of Pennsylvania, claiming the Company has infringed U.S. Patent No. 5,596,619, a patent that Best Medical alleges protects a method and apparatus for conformal radiation therapy. They are seeking declaratory and injunctive relief as well as unspecified compensatory and treble damages and other relief.

In addition, because patent applications can take many years to issue and because publication schedules for pending applications vary by jurisdiction, there may be applications now pending of which we are unaware, and which may result in issued patents which our current or future products infringe. Also, because the claims of published patent applications can change between publication and patent grant, there may be published patent applications that may ultimately issue with claims that we infringe. There could also be existing patents that one or more of our products or parts may infringe and of which we are unaware. As the number of competitors in the market for less invasive cancer treatment alternatives grows, and as the number of patents issued in this area grows, the possibility of patent infringement claims against us increases. Regardless of the merit of infringement claims, they can be time-consuming, result in costly litigation and diversion of technical and management personnel. Some of our competitors may be able to sustain the costs of complex patent litigation more effectively than we can because they have substantially greater resources. In addition, any uncertainties resulting from the initiation and continuation of any litigation could have a material adverse effect on our ability to raise the funds necessary to continue our operations.

In the event that we become subject to a patent infringement or other intellectual property lawsuit and if the relevant patents or other intellectual property were upheld as valid and enforceable and we were found to infringe or violate the terms of a license to which we are a party, we could be prevented from selling our products unless we could obtain a license or were able to redesign the product to avoid infringement. Required licenses may not be made available to us on acceptable terms or at all. If we were unable to obtain a license or successfully redesign our system, we might be prevented from selling our system. If there is an allegation or determination that we have infringed the intellectual property rights of a competitor or other person, we may be required to pay damages, or a settlement or ongoing royalties. In these circumstances, we may be unable to sell our products at competitive prices or at all, our business and operating results could be harmed.

We could become subject to product liability claims, product recalls, other field actions and warranty claims that could be expensive, divert management's attention and harm our business.

Our business exposes us to potential liability risks that are inherent in the manufacturing, marketing and sale of medical device products. We may be held liable if the CyberKnife system causes injury or death or is found otherwise unsuitable during usage. Our products incorporate sophisticated components and computer software. Complex software can contain errors, particularly when first

introduced. In addition, new products or enhancements may contain undetected errors or performance problems that, despite testing, are discovered only after installation. Because our products are designed to be used to perform complex surgical procedures, defects could result in a number of complications, some of which could be serious and could harm or kill patients. Any weaknesses in training and services associated with our products may also be subject to product liability lawsuits. It is also possible that defects in the design, manufacture or labeling of our products might necessitate a product recall or other field corrective action, which may result in warranty claims beyond our expectations and may harm our reputation. A product liability claim, regardless of its merit or eventual outcome, could result in significant legal defense costs. The coverage limits of our insurance policies may not be adequate to cover future claims. If sales of our products increase or we suffer future product liability claims, we may be unable to maintain product liability insurance in the future at satisfactory rates or with adequate amounts. A product liability claim, any product recalls or other field actions or excessive warranty claims, whether arising from defects in design or manufacture or otherwise, could negatively affect our sales or require a change in the design, manufacturing process or the indications for which the CyberKnife system may be used, any of which could harm our reputation and business and result in a decline in revenue.

In addition, if a product we designed or manufactured is defective, whether due to design or manufacturing defects, improper use of the product or other reasons, we may be required to notify regulatory authorities and/or to recall the product, possibly at our expense. We have voluntarily conducted recalls and product corrections in the past. There were no recalls during the fiscal year ended June 30, 2010. A required notification to a regulatory authority or recall could result in an investigation by regulatory authorities of our products, which could in turn result in required recalls, restrictions on the sale of the products or other civil or criminal penalties. The adverse publicity resulting from any of these actions could cause customers to review and potentially terminate their relationships with us. These investigations or recalls, especially if accompanied by unfavorable publicity or termination of customer contracts, could result in our incurring substantial costs, losing revenues and damaging our reputation, each of which would harm our business.

The safety and efficacy of our products for certain uses is not yet supported by long-term clinical data and may therefore prove to be less safe and effective than initially thought.

Although we believe that the CyberKnife system has advantages over competing products and technologies, we do not have sufficient clinical data demonstrating these advantages for all tumor indications. For example, because our CyberKnife procedures are relatively new, we have limited clinical data relating to the effectiveness of the CyberKnife system as a means of controlling the growth of cancer at a particular body site. In addition, we have only limited five-year patient survival rate data, which is a common long-term measure of clinical effectiveness in cancer treatment. Further, future patient studies or clinical experience may indicate that treatment with the CyberKnife system does not improve patient outcomes. Such results could slow the adoption of our products by physicians, significantly reduce our ability to achieve expected revenues and could prevent us from becoming profitable. In addition, if future results and experience indicate that our products cause unexpected or serious complications or other unforeseen negative effects, the FDA could rescind our clearances, our reputation with physicians, patients and others may suffer and we could be subject to significant legal liability.

The CyberKnife system has been in use for a limited period of time for uses outside the brain, and the medical community has not yet developed a large quantity of peer-reviewed literature that supports safe and effective use in those locations in the body.

The CyberKnife system was initially cleared by a number of regulatory authorities for the treatment of tumors in the brain and neck. More recently, the CyberKnife system has been cleared in

the United States to treat tumors anywhere in the body where radiation is indicated, and our future growth is dependent in large part on continued growth in full body use of the system. Currently, however, there are a limited number of peer-reviewed medical journal publications regarding the safety and efficacy of the CyberKnife system for treatment of tumors outside the brain or spine. If later studies show that the CyberKnife system is less effective or less safe with respect to particular types of solid tumors, or in the event clinical studies do not achieve the results anticipated at the outset of the study, use of the CyberKnife system could fail to increase or could decrease and our growth and operating results would therefore be harmed.

International sales of the CyberKnife system account for a significant portion of our revenue, which exposes us to risks inherent in international operations.

Our international sales have increased over the last four fiscal years. To accommodate our international sales, we have invested significant financial and management resources to develop an international infrastructure that will meet the needs of our customers. We anticipate that a significant portion of our revenue will continue to be derived from sales of the CyberKnife system in foreign markets and that the percentage of our overall revenue that is derived from these markets will continue to increase. This revenue and related operations will therefore continue to be subject to the risks associated with international operations, including:

- Economic or political instability;
- Shipping delays;
- Changes in foreign regulatory laws governing sales of medical devices;
- Difficulties in enforcing agreements with and collecting receivables from customers outside the United States;
- Longer payment cycles associated with many customers outside the United States;
- Adequate reimbursement for the CyberKnife procedure outside the United States;
- Failure of local laws to provide the same degree of protection against infringement of our intellectual property;
- Protectionist laws and business practices that favor local competitors;
- The possibility that foreign countries may impose additional taxes, tariffs or other restrictions on foreign trade;
- Failure of Accuray employees or distributors to comply with export laws and requirements which may result in civil or criminal penalties and restrictions on our ability to export our products;
- The expense of establishing facilities and operations in new foreign markets;
- Building an organization capable of supporting geographically dispersed operations;
- Risks relating to foreign currency; and
- Contractual provisions governed by foreign laws and various trade restrictions, including U.S. prohibitions and restrictions on exports of certain products and technologies to certain nations.

Our international operations are also subject to United States laws regarding the conduct of business overseas by U.S. companies. In particular, the U.S. Foreign Corrupt Practices Act, or FCPA, prohibits the provision of illegal or improper inducements to foreign government officials in connection with the obtaining of business overseas. Violations of the FCPA by us or any of our employees, executive officers or distributors could subject us or the individuals involved to criminal or civil liability and could therefore materially harm our business.

In addition, future imposition of, or significant increases in, the level of customs duties, export quotas, regulatory restrictions or trade restrictions could materially harm our business.

Our results may be impacted by changes in foreign currency exchange rates.

Currently, the majority of our international sales are denominated in U.S. dollars. As a result, an increase in the value of the U.S. dollar relative to foreign currencies could require us to reduce our sales price or make our products less competitive in international markets. Also, as our international sales increase, we may enter into a greater number of transactions denominated in non-U.S. dollars, which would expose us to foreign currency risks, including changes in currency exchange rates. If we are unable to address these risks and challenges effectively, our international operations may not be successful and our business would be materially harmed.

We depend on third-party distributors to market and distribute the CyberKnife system in international markets. If our distributors fail to successfully market and distribute the CyberKnife system, our business will be materially harmed.

We depend on a limited number of distributors in our international markets. We cannot control the efforts and resources our third-party distributors will devote to marketing the CyberKnife system. Our distributors may not be able to successfully market and sell the CyberKnife system, may not devote sufficient time and resources to support the marketing and selling efforts and may not market the CyberKnife system at prices that will permit the product to develop, achieve or sustain market acceptance. In some jurisdictions, we rely on our distributors to manage the regulatory process and we are dependent on their ability to do so effectively. For example, our regulatory approval in Japan was suspended for a period of twelve months during 2003 as a result of a failure of our former distributor to coordinate product modifications and obtain necessary regulatory clearances in a timely manner. As a result, the CyberKnife system was recalled in Japan and our former Japanese distributor was told to stop selling the CyberKnife system. In response, we retained a regulatory consultant who was not affiliated with our former Japanese distributor and worked with the Japanese Ministry of Health, Labor and Welfare and applied for, and received, approval to sell an updated version of the CyberKnife system under the name of CyberKnife II in Japan. By working with a new distributor, Chiyoda Technol Corporation, we were able to begin distributing the CyberKnife II system in 2004 with no probationary period. In addition, if a distributor is terminated by us or goes out of business, it may take us a period of time to locate an alternative distributor, to seek appropriate regulatory approvals and to train its personnel to market the CyberKnife system, and our ability to sell and service the CyberKnife system in the region formerly serviced by such terminated distributor could be materially adversely affected. Any of these factors could materially adversely affect our revenue from international markets, increase our costs in those markets or damage our reputation. If we are unable to attract additional international distributors, our international revenue may not grow. If our distributors experience difficulties, do not actively market the CyberKnife system or do not otherwise perform under our distribution agreements, our potential for revenue and gross margins from international markets may be dramatically reduced, and our business could be harmed.

We have limited experience and capability in manufacturing. If we encounter manufacturing problems, or if our manufacturing facilities do not continue to meet federal, state or foreign manufacturing standards, we may be required to temporarily cease all or part of our manufacturing operations, which would result in delays and lost revenue.

The CyberKnife system is complex, and requires the integration of a number of components from several sources of supply. We must manufacture and assemble these complex systems in commercial quantities in compliance with regulatory requirements and at an acceptable cost. We have a limited history of manufacturing commercial quantities of the CyberKnife system. In particular, we

manufacture compact linacs as a component of the CyberKnife system. Our linac components are extremely complex devices and require significant expertise to manufacture, and as a result of our limited manufacturing experience we may have difficulty producing needed materials in a commercially viable manner. We may encounter difficulties in scaling up production of the CyberKnife system, including problems with quality control and assurance, component supply shortages, increased costs, shortages of qualified personnel and/or difficulties associated with compliance with local, state, federal and foreign regulatory requirements. If our manufacturing capacity does not keep pace with product demand, we will not be able to fulfill orders in a timely manner which in turn may have a negative effect on our financial results and overall business. Conversely, if demand for our products decreases, the fixed costs associated with excess manufacturing capacity may adversely affect our financial results.

Our manufacturing processes and the manufacturing processes of our third-party suppliers are required to comply with the FDA's Quality System Regulation, or QSR. The QSR is a complex regulatory scheme that covers the methods and documentation of the design, testing, production processes, controls, manufacturing, labeling, quality assurance, packaging, storage and shipping of our products. We are also subject to state requirements and licenses applicable to manufacturers of medical devices, and we are required to comply with International Organization for Standardization, or ISO, quality system standards in order to produce products for sale in Europe. Because our manufacturing processes include diagnostic and therapeutic X-ray equipment and laser equipment, we are subject to the electronic product radiation control provisions of the Federal Food, Drug and Cosmetic Act, which requires that we file reports with the FDA, applicable states and our customers regarding the distribution, manufacturing and installation of these types of equipment. The FDA enforces the QSR and the electronic product radiation control provisions through periodic unannounced inspections. We have been, and anticipate in the future to be, subject to such inspections. Our failure or the failure of a third-party supplier to pass a QSR inspection or to comply with these, ISO and other applicable regulatory requirements could result in disruption of our operations and manufacturing delays. Our failure to take prompt and satisfactory corrective action in response to an adverse inspection or our failure to comply with applicable standards could result in enforcement actions, including a public warning letter, a shutdown of our manufacturing operations, a recall of our products, civil or criminal penalties, or other sanctions, which would cause our sales and business to suffer. We cannot assure you that the FDA or other governmental authorities would agree with our interpretation of applicable regulatory requirements or that we or our third-party suppliers have in all instances fully complied with all applicable requirements.

If we cannot achieve the required level and quality of production, we may need to outsource production or rely on licensing and other arrangements with third parties who possess sufficient manufacturing facilities and capabilities in compliance with regulatory requirements. Even if we could outsource needed production or enter into licensing or other third party arrangements, this could reduce our gross margin and expose us to the risks inherent in relying on others. We also cannot assure you that our suppliers will deliver an adequate supply of required components on a timely basis or that they will adequately comply with the QSR. Failure to obtain these components on a timely basis would disrupt our manufacturing processes and increase our costs, which would harm our operating results.

We depend on key employees, the loss of whom would adversely affect our business. If we fail to attract and retain employees with the expertise required for our business, we may be unable to continue to grow our business.

We are highly dependent on the members of our senior management, operations and research and development staff. Our future success will depend in part on our ability to retain these key employees and to identify, hire and retain additional personnel. Competition for qualified personnel in the medical device industry, particularly in northern California, is intense, and finding and retaining qualified personnel with experience in our industry is very difficult. We believe there are only a limited

number of individuals with the requisite skills to serve in many of our key positions and we compete for key personnel with other medical equipment and software manufacturers and technology companies, as well as universities and research institutions. It is increasingly difficult to hire and retain these persons, and we may be unable to replace key persons if they leave or fill new positions requiring key persons with appropriate experience. A significant portion of our compensation to our key employees is in the form of stock option grants. A prolonged depression in our stock price could make it difficult for us to retain our employees and recruit additional qualified personnel. We do not maintain, and do not currently intend to obtain, key employee life insurance on any of our personnel. If we fail to hire and retain personnel in key positions, we may be unable to continue to grow our business successfully.

If we do not effectively manage our growth, our business may be significantly harmed.

The number of our employees increased from 194 as of June 30, 2005 to 451 as of June 30, 2010. In order to implement our business strategy, we expect continued growth in our employee and infrastructure requirements, particularly as we expand our manufacturing and research and development capacities in connection with, among other things, our Strategic Alliance Agreement with Siemens AG. To manage our growth, we must expand our facilities, augment our management, operational and financial systems, hire and train additional qualified personnel, scale-up our manufacturing capacity and expand our marketing and distribution capabilities. Our manufacturing, assembly and installation process is complex and occurs over many months, and we must effectively scale this entire process to satisfy customer expectations and changes in demand. We also expect to increase the number of sales and marketing personnel as we expand our business. Further, to accommodate our growth and compete effectively, we will be required to improve our information systems. We cannot be certain that our personnel, systems, procedures and internal controls will be adequate to support our future operations. If we cannot manage our growth effectively, our business will suffer.

Any failure in our physician training efforts could result in lower than expected product sales and potential liabilities.

A critical component of our sales and marketing efforts is the training of a sufficient number of physicians to properly utilize the CyberKnife system. We rely on physicians to devote adequate time to learn to use our products. If physicians are not properly trained, they may misuse or ineffectively use our products. This may result in unsatisfactory patient outcomes, patient injury and related liability or negative publicity which could have an adverse effect on our product sales.

Changes in interpretation or application of generally accepted accounting principles may adversely affect our operating results.

We prepare our financial statements to conform with GAAP. These principles are subject to interpretation by the Financial Accounting Standards Board, American Institute of Certified Public Accountants, the Public Company Accounting Oversight Board, the Securities and Exchange Commission and various other regulatory or accounting bodies. A change in interpretations of, or our application of, these principles can have a significant effect on our reported results and may even affect our reporting of transactions completed before a change is announced. Additionally, as we are required to adopt new accounting standards, our methods of accounting for certain items may change, which could cause our results of operations to fluctuate from period to period. For example, due to the significance of the software component of the CyberKnife system, we are currently bound by the software revenue recognition rules for our business. The Company anticipates adopting ASU 2009-13 and ASU 2009-14 in fiscal 2011 and is currently assessing the impact of the adoption of ASU 2009-13 or ASU 2009-14 on the Company's consolidated financial statements. The application of different types of accounting principles and related potential changes may make it more difficult to compare our financial results from quarter to quarter, and the trading price of our common stock could suffer or become more volatile as a result.

As a strategy to assist our sales efforts, we may offer extended payment terms, which may potentially result in higher DSO and greater payment defaults.

We offer longer or extended payment terms for qualified customers in some circumstances. As of June 30, 2010, customer contracts with extended payment terms of more than one year amounted to less than 4% of our accounts receivable balance. While we qualify customers to whom we offer longer or extended payment terms, their financial positions may change adversely over the longer time period given for payment. This may result in an increase in payment defaults, which would affect our net earnings. Also, longer or extended payment terms have and may in the future result in an increase in our days sales outstanding, or DSO.

Our ability to raise capital in the future may be limited, and our failure to raise capital when needed could prevent us from executing our growth strategy.

While we believe that our existing cash and short-term and long-term investments will be sufficient to meet our anticipated cash needs for at least the next 12 months, the timing and amount of our working capital and capital expenditure requirements may vary significantly depending on numerous factors, including:

- Market acceptance of our products;
- The need to adapt to changing technologies and technical requirements;
- The existence of opportunities for expansion; and
- Access to and availability of sufficient management, technical, marketing and financial personnel.

If our capital resources are insufficient to satisfy our liquidity requirements, we may seek to sell additional equity securities or debt securities or obtain other debt financing, which could be difficult or impossible in the current economic and capital markets environments. The sale of additional equity securities or convertible debt securities would result in additional dilution to our stockholders. We have not made arrangements to obtain additional financing, and we cannot assure that financing, if required, will be available in amounts or on terms acceptable to us, if at all.

We may attempt to acquire new businesses, products or technologies, or enter into collaborations or strategic alliances, and if we are unable to successfully complete these acquisitions or to integrate acquired businesses, products, technologies or employees, we may fail to realize expected benefits or harm our existing business.

Our success will depend, in part, on our ability to expand our product offerings and grow our business in response to changing technologies, customer demands and competitive pressures. In some circumstances, we may determine to do so through the acquisition of complementary businesses, products or technologies, or through collaborating with complementary businesses, rather than through internal development. The identification of suitable acquisition or alliance candidates can be difficult, time consuming and costly, and we may not be able to successfully complete identified acquisitions or alliances. Other companies may compete with us for these strategic opportunities. Furthermore, even if we successfully complete an acquisition or alliance, we may not be able to successfully integrate newly acquired organizations, products or technologies into our operations, and the process of integration could be expensive, time consuming and may strain our resources, and we may not realize the expected benefits of any acquisition, collaboration or strategic alliance. Furthermore, the products and technologies that we acquire or with respect to which we collaborate may not be successful, or may require significantly greater resources and investments than we originally anticipated. In addition, we may be unable to retain employees of acquired companies, or retain the acquired company's customers, suppliers, distributors or other partners who are our competitors or who have close relationships with our competitors. Consequently, we may not achieve anticipated benefits of the acquisitions or alliances which could harm our existing business. In addition, future acquisitions or alliances could result in

potentially dilutive issuances of equity securities or the incurrence of debt, contingent liabilities or expenses, or other charges such as in-process research and development, any of which could harm our business and affect our financial results or cause a reduction in the price of our common stock.

We may face numerous risks in connection with our strategic alliance with Siemens AG.

In June of 2010, we entered into a Strategic Alliance Agreement with Siemens AG, or the Alliance Agreement, pursuant to which (1) we granted Siemens certain distribution rights to our CyerKnife systems, (2) Siemens agreed to incorporate certain Accuray technology into certain of its linear accelerator products, the combined products being known as the Cayman Products, and (3) created a research and development relationship between Accuray and Siemens for the pursuit and implementation of other potential collaboration opportunities in the future. There can be no assurance that the strategic alliance with Siemens AG will be successful or that the economic terms of the Alliance Agreement will ultimately prove to be favorable to us. We are not able to control the amount and timing of resources that Siemens will devote to the development, sales or marketing of the Cayman Products, the distribution of CyberKnife systems, or to future collaboration opportunities. Our own business may be disrupted, and we may have to divert attention from our other research and development activities, in order to satisfy our obligations under the Alliance Agreement. We may incur costs in excess of the consideration to be paid to us by Siemens. Even if Siemens successfully completes the development of the Cayman Products, the Cayman Products may not receive the regulatory approvals necessary to be marketed and sold. Failure to successfully develop, market and sell the Cayman Products, failure of Siemens to distribute the CyberKnife system, and the failure of Accuray and Siemens to successfully collaborate on future opportunities could negatively impact our stock price and our future business and financial results.

Our liquidity could be adversely impacted by adverse conditions in the financial markets.

At June 30, 2010, we had cash and cash equivalents of $45.4 million. These available cash and cash equivalents are held in accounts managed by third party financial institutions and consist of invested cash and cash in our operating accounts. The invested cash is invested in interest bearing funds managed by third party financial institutions. These funds invest in direct obligations of the government of the United States. To date, we have experienced no loss or lack of access to our invested cash or cash equivalents; however, we can provide no assurances that access to our invested cash and cash equivalents will not be impacted by adverse conditions in the financial markets.

At any point in time, we also have funds in our operating accounts that are with third party financial institutions that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. While we monitor daily the cash balances in our operating accounts and adjust the cash balances as appropriate, these cash balances could be impacted if the underlying financial institutions fail or become subject to other adverse conditions in the financial markets. To date we have experienced no loss or lack of access to cash in our operating accounts.

Our operations are vulnerable to interruption or loss due to natural disasters, epidemics, terrorist acts and other events beyond our control, which would adversely affect our business.

Our manufacturing facility is located in a single location in Sunnyvale, California. We do not maintain a backup manufacturing facility, so we depend on our current facility for the continued operation of our business. In addition, we conduct a significant portion of other activities including administration and data processing at facilities located in the State of California which has experienced major earthquakes in the past, as well as other natural disasters. We do not carry earthquake insurance. In the event of a major earthquake or other disaster affecting our facilities, it could significantly disrupt our operations, delay or prevent product manufacture and shipment for the time required to repair, rebuild or replace our manufacturing facilities, which could be lengthy, and result in large expenses to

repair or replace the facilities. Likewise, events such as widespread blackouts could have similar negative impacts.

Risks Related to the Regulation of our Products and Business

Healthcare reform legislation could adversely affect demand for our products, our revenue and our financial condition.

Healthcare costs have risen significantly over the past decade. There have been and continue to be proposals by legislators, regulators, and third-party payors to keep these costs down. Certain proposals, if passed, may impose limitations on the amounts of reimbursement available for our products from governmental agencies or third-party payors. These limitations could have a negative impact on the demand for our products and services, and therefore on our financial position and results of operations a material adverse effect on our financial position and results of operations.

On March 23, 2010, the Patient Protection and Affordable Care Act was signed into law, and on March 30, 2010, the Health Care and Education Reconciliation Act of 2010 was signed into law. Together, the two measures make the most sweeping and fundamental changes to the U.S. health care system since the creation of Medicare and Medicaid. The Health Care Reform laws include a large number of health-related provisions to take effect over the next four years, including expanding Medicaid eligibility, requiring most individuals to have health insurance, establishing new regulations on health plans, establishing health insurance exchanges, requiring manufacturers to report payments or other transfers of value made to physicians and teaching hospitals, modifying certain payment systems to encourage more cost-effective care and a reduction of inefficiencies and waste and including new tools to address fraud and abuse. Effective in 2013, there will be a 2.3% excise tax on the sale of certain medical devices.

In addition, various healthcare reform proposals have also emerged at the state level. We cannot predict the exact effect newly enacted laws or any future legislation or regulation will have on us. However, the implementation of new legislation and regulation may lower reimbursements for our products, reduce medical procedure volumes and adversely affect our business, possibly materially. In addition, the enacted excise tax may materially and adversely affect our operating expenses and results of operations.

Modifications, upgrades and future products related to the CyberKnife system or new indications may require new FDA 510(k) clearances or premarket approvals, and such modifications, or any defects in design or manufacture may require us to recall or cease marketing the CyberKnife system until approvals or clearances are obtained.

The CyberKnife system is a medical device that is subject to extensive regulation in the United States by local, state and the federal government, including by the FDA. The FDA regulates virtually all aspects of a medical device's design, development, testing manufacturing, labeling, storage, record keeping, reporting, sale, promotion, distribution and shipping. Before a new medical device, or a new use of or claim for an existing product, can be marketed in the United States, it must first receive either premarket approval or 510(k) clearance from the FDA, unless an exemption exists. Either process can be expensive and lengthy. The FDA's 510(k) clearance process usually takes from three to twelve months, but it can last longer. The process of obtaining premarket approval is much more costly and uncertain than the 510(k) clearance process and it generally takes from one to three years, or even longer, from the time the application is filed with the FDA. Despite the time, effort and cost, there can be no assurance that a particular device will be approved or cleared by the FDA through either the premarket approval process or 510(k) clearance process. Even if we are granted regulatory clearances or approvals, they may include significant limitations on the indicated uses of the product, which may limit the market for those products.

Medical devices may be marketed only for the indications for which they are approved or cleared. The FDA also may change its policies, adopt additional regulations, or revise existing regulations, each of which could prevent or delay premarket approval or 510(k) clearance of our device, or could impact our ability to market our currently cleared device. We are also subject to medical device reporting regulations which require us to report to the FDA if our products cause or contribute to a death or a serious injury, or malfunction in a way that would likely cause or contribute to a death or a serious injury. We also are subject to Quality System and Medical Device Reporting regulations, which regulate the manufacturing and installation and also require us to report to the FDA if our products cause or contribute to a death or serious injury, or malfunction in a way that would likely cause or contribute to a death or serious injury. Our products are also subject to state regulations and various worldwide laws and regulations.

A component of our strategy is to continue to upgrade the CyberKnife system. Upgrades previously released by us required 510(k) clearance before we were able to offer them for sale. We expect our future upgrades will similarly require 510(k) clearance; however, future upgrades may be subject to the substantially more time consuming and uncertain premarket approval process. If we were required to use the premarket approval process for future products or product modifications, it could delay or prevent release of the proposed products or modifications, which could harm our business.

The FDA requires device manufacturers to make their own determination of whether or not a modification requires an approval or clearance; however, the FDA can review a manufacturer's decision not to submit for additional approvals or clearances. Any modification to an FDA approved or cleared device that would significantly affect its safety or efficacy or that would constitute a major change in its intended use would require a new premarket approval or 510(k) clearance. We cannot assure you that the FDA will agree with our decisions not to seek approvals or clearances for particular device modifications or that we will be successful in obtaining 510(k) clearances for modifications.

We have obtained 510(k) clearances for the CyberKnife system for the treatment of tumors anywhere in the body where radiation is indicated. We have made modifications to the CyberKnife system in the past and may make additional modifications in the future that we believe do not or will not require additional approvals or clearances. If the FDA disagrees and requires us to obtain additional premarket approvals or 510(k) clearances for any modifications to the CyberKnife system and we fail to obtain such approvals or clearances or fail to secure approvals or clearances in a timely manner, we may be required to cease manufacturing and marketing the modified device or to recall such modified device until we obtain FDA approval or clearance and we may be subject to significant regulatory fines or penalties.

In addition, even if the CyberKnife system is not modified, the FDA and similar governmental authorities in other countries in which we market and sell our products have the authority to require the recall of our products in the event of material deficiencies or defects in design or manufacture. A government mandated recall, or a voluntary recall by us, could occur as a result of component failures, manufacturing errors or design defects, including defects in labeling and user manuals. There were no recalls during the fiscal year ended June 30, 2010. We cannot ensure that the FDA will not require that we take additional actions to address problems that resulted in previous recalls. A full list of recalls is available on the FDA website. Any recall could divert management's attention, cause us to incur significant expenses, harm our reputation with customers, negatively affect our future sales and business, require redesign of the CyberKnife system, and harm our operating results. In these circumstances, we may also be subject to significant enforcement action. If any of these events were to occur, our ability to introduce new or enhanced products in a timely manner would be adversely affected, which in turn would harm our future growth.

We must obtain and maintain regulatory approvals in international markets in which we sell, or seek to sell, our products. If we do not obtain and maintain the necessary international regulatory approvals, we will not be able to market and sell our products in foreign countries.

In order for us to market and sell the CyberKnife system internationally, either through direct sales personnel or through distributors, we must obtain and maintain regulatory clearances applicable to the countries and regions in which we are selling, or are seeking to sell, our products. These regulatory approvals and clearances, and the process required to obtain and maintain them, vary substantially among international jurisdictions, and can be time consuming, expensive and uncertain, which can delay our ability to market products in those countries. In some jurisdictions, we rely on our distributors to manage the regulatory process and we are dependent on their ability to do so effectively. For example, our regulatory approval in Japan was suspended for a period of twelve months during 2003 as a result of a failure of our former distributor to coordinate product modifications and obtain necessary regulatory clearances in a timely manner. As a result, the CyberKnife system was recalled in Japan and our former Japanese distributor was told to stop selling the CyberKnife system. In response, we retained a regulatory consultant who was not affiliated with our former Japanese distributor and worked with the Japanese Ministry of Health, Labor and Welfare and applied for, and received, approval to sell an updated version of the CyberKnife system under the name of CyberKnife II in Japan. By working with a new distributor, Chiyoda Technol Corporation, we were able to begin distributing the CyberKnife II system in 2004 with no probationary period. In the event that we are unable to obtain and maintain, or are unduly delayed in obtaining, regulatory clearances for the CyberKnife system, including new clearances for system upgrades and use of the system anywhere in the body, in international markets we have entered or desire to enter, or if a clearance or approval includes significant limitations on the indicated uses of the product, our international sales could fail to grow or decline.

Within the European Union, we are required under Medical Device Directive to affix the Conformité Européene, or CE, mark on our products in order to sell the products in member countries of the EU. This conformity to the applicable directives is done through self declaration and is verified by an independent certification body, called a Notified Body, before the CE mark can be placed on the device. Once the CE mark is affixed to the device, the Notified body will regularly audit us to ensure that we remain in compliance with the applicable European laws or directives. CE marking demonstrates that our products comply with the laws and regulations required by the European Union countries to allow free movement of trade within those countries. If we cannot support our performance claims and/or demonstrate compliance with the applicable European laws and directives, we lose our CE mark, which would prevent us from selling our products within the European Union.

Under the Pharmaceutical Affairs Law in Japan, an import approval, or *shonin*, must be obtained from the Ministry of Health, Labor and Welfare, or MHLW, for our products. Before issuing approvals, MHLW examines the application in detail with regard to the quality, efficacy, and safety of the proposed medical device. The *shonin* is granted once MHLW is content with the safety and effectiveness of the medical device. The time required for approval varies. A delay in approval could prevent us from selling our products in Japan, which could impact our ability to generate revenue and harm our business.

In addition, we are subject to a variety of environmental laws regulating our manufacturing operations and the handling, storage, transport and disposal of hazardous materials, which laws impose compliance costs on our business and can also result in liability. For example, we are in the process of updating the way our products are built such that they will be compliant with the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment Regulations 2008, or the RoHS Regulations, upon their effectiveness. The RoHS Regulations implement EU Directive 2002/95 which bans the placing on the EU market of new electrical and electronic equipment containing more

than agreed levels of lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyl (PBB) and polybrominated diphenyl ether (PBDE) flame retardants.

Future legislative or regulatory changes to the healthcare system may affect our business.

Even if third-party payors provide adequate coverage and reimbursement for the CyberKnife procedure, adverse changes in third-party payors' general policies toward reimbursement could preclude market acceptance for our products and materially harm our sales and revenue growth. In the United States, there have been, and we expect there will continue to be, a number of legislative and regulatory changes and proposals to change the healthcare system, and some could involve changes that significantly affect our business. In addition, certain federal regulatory changes occur at least annually.

In April 2008, at the time CMS published final 2009 Medicare inpatient reimbursement rates, CMS issued final rules implementing significant amendments to the regulations under the federal Ethics in Patient Referrals Act, which is more commonly known as the Stark Law, with an effective date of October 1, 2009. These regulations, among other things, impose additional limitations on the ability of physicians to refer patients to medical facilities in which the physician has an ownership interest for treatment. Among other things, the regulations provide that leases of equipment between physician owners that may refer patients and hospitals must be on a fixed rate, rather than a per use, basis. Physician owned entities have increasingly become involved in the acquisition of medical technologies, including the CyberKnife system. In many cases, these entities enter into arrangements with hospitals that bill Medicare for the furnishing of medical services, and the physician owners are among the physicians who refer patients to the entity for services. The regulations limit these arrangements and could require the restructuring of existing arrangements between physicians owned entities and hospitals and may also discourage physicians from participating in the acquisition and ownership of medical technologies. As a result of the finalization of these regulations, some existing CyberKnife system operators may have to modify or restructure their corporate or organizational structures. In addition, certain existing customers that planned to open CyberKnife centers in the United States involving physician ownership could also have to restructure. Accordingly, these regulations could reduce the attractiveness of medical technology acquisitions, including CyberKnife system purchases, by physician-owned joint ventures or similar entities. As a result, these regulations could have an adverse impact on our product sales and therefore on our business and results of operations.

On August 3, 2010, the FDA released for public comment two internal working group reports with numerous recommendations (1) to improve the 510(k) process and (2) to utilize science in regulatory decision making in ways that encourage innovation yet maintain predictability. Comments are due in 60 days and the FDA is targeting the implementation of or setting timelines for the implementation of "non-controversial" recommendations by the end of the year. At the same time, the FDA acknowledges that the recommendations are preliminary and no decisions have been made on specific changes to pursue. Nevertheless, we anticipate significant changes will result in the way 510(k) programs will operate and the data requirements, including clinical data, to obtain 510(k) clearance or PMA approval. We cannot predict what effect these reforms will have on our ability to obtain 510(k) clearances or PMA approvals in a timely manner or the effect on our business.

On June 9 and 10, 2010, the FDA held a public meeting entitled "Device Improvements to Reduce the Number of Under-doses, Over-doses, and Misaligned Exposures from Therapeutic Radiation." The expressed purpose of the meeting was to discuss steps that could be taken by manufacturers of radiation therapy devices to help reduce misadministration and misaligned exposures. In advance of and at the meeting, the FDA requested comments in the following areas: features that should be incorporated into radiation therapy devices and their related software, user training, and quality assurance measures. It is likely that the Agency will use the information gleaned at this meeting to revise the standards and requirements for designing, manufacturing and marketing devices such as ours,

creating uncertainty in the current regulatory environment around our current products and development of future products. Future legislative or policy initiatives directed at reducing costs could be introduced at either the federal or state level. We cannot predict what healthcare reform legislation or regulations, if any, will be enacted in the United States or elsewhere, what impact any legislation or regulations related to the healthcare system that may be enacted or adopted in the future might have on our business, or the effect ongoing uncertainty about these matters will have on the purchasing decisions of our customers.

We are required to comply with federal and state "fraud and abuse" law, and if we are unable to comply with such laws, we could face substantial penalties and we could be excluded from government healthcare programs, which would adversely affect our business, financial condition and results of operations.

We are directly or indirectly through our customers, subject to various federal, state and foreign laws pertaining to healthcare fraud and abuse. These laws which directly or indirectly affect our ability to operate our business primarily include, but are not limited to, the following:

- The federal Anti-Kickback Statute, which prohibits persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce either the referral of an individual, or furnishing or arranging for a good or service, for which payment may be made under federal healthcare programs such as Medicare and Medicaid;

- State law equivalents to the Anti-Kickback Statute, which may not be limited to government reimbursed items;

- The Ethics in Patient Referral Act of 1989, also known as the Stark Law, which prohibits, subject to certain exceptions, physician referrals of Medicare and Medicaid patients to an entity providing certain "designated health services" if the physician or an immediate family member has any financial relationship with the entity. The Stark Law also prohibits the entity receiving the referral from billing for any good or service furnished pursuant to an unlawful referral;

- State law equivalents to the Stark Law, which may provide even broader restrictions and require greater disclosures than the federal law;

- The federal False Claims Act, which prohibits the knowing filing or causing the filing of a false claim or the knowing use of false statements to obtain payment from the federal government; and

- Similar laws in foreign countries where we conduct business.

The following arrangements with purchasers and their agents have been identified by the Office of the Inspector General of the Department of Health and Human Services as ones raising potential risk of violation of the federal Anti-Kickback Statute:

- Discount and free good arrangements that are not properly disclosed or accurately reported to federal healthcare programs;

- Product support services, including billing assistance, reimbursement consultation and other services specifically tied to support of the purchased product, offered in tandem with another service or program (such as reimbursement guarantee) that confers a benefit to the purchaser;

- Educational grants conditioned in whole or in part on the purchase of equipment, or otherwise inappropriately influenced by sales and marketing considerations;

- Research funding arrangements, particularly post-market research activities, that are linked directly or indirectly to the purchase of products, or otherwise inappropriately influenced by sales and marketing considerations; and

- Other offers of remuneration to purchasers that is expressly or impliedly related to a sale or sales volume, such as "prebates" and "upfront payment," other free or reduced-price goods or services, and payments to cover costs of "converting" from a competitor's products, particularly where the selection criteria for such offers vary with the volume or value of business generated.

We have various arrangements with physicians, hospitals and other entities which implicate these laws. For example, physicians who own our stock also provide medical advisory and other consulting and personal services. Similarly, we have a variety of different types of arrangements with our customers. For example, our shared ownership program entails the provision of our CyberKnife system to our customers under a deferred payment program, where we generally receive the greater of a fixed minimum payment or a portion of the revenues of services. Included in the fee we charge for the placement and shared ownership program are a variety of services, including physician training, educational and marketing support, general reimbursement guidance and technical support. In the past, we have also provided loans to our customers. We also provide research grants to customers to support customer studies related to, among other things, our CyberKnife systems. Certain of these arrangements do not meet Anti-Kickback Statute safe harbor protections, which may result in increased scrutiny by government authorities having responsibility for enforcing these laws.

If our past or present operations are found to be in violation of any of the laws described above or other similar governmental regulations to which we or our customers are subject, we may be subject to the applicable penalty associated with the violation, including significant civil and criminal penalties, damages, fines, imprisonment and exclusion from the Medicare and Medicaid programs. The impact of any such violations may lead to curtailment or restructuring of our operations, which could adversely affect our ability to operate our business and our financial results. The risk of our being found in violation of these laws is increased by the fact that many of these laws are open to a variety of interpretations. Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses, divert our management's attention from the operation of our business and damage our reputation. If enforcement action were to occur, our reputation and our business and financial condition may be harmed, even if we were to prevail or settle the action. Similarly, if the physicians or other providers or entities with which we do business are found to be non-compliant with applicable laws, they may be subject to sanctions, which could also have a negative impact on our business.

If we are found to have violated laws protecting the confidentiality of patient health information, we could be subject to civil or criminal penalties, which could increase our liabilities and harm our reputation or our business.

There are a number of federal and state laws protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that protected information. In particular, the U.S. Department of Health and Human Services has promulgated patient privacy rules under the Health Insurance Portability and Accountability Act of 1996, or HIPAA. These privacy rules protect medical records and other personal health information by limiting their use and disclosure, giving individuals the right to access, amend and seek accounting of their own health information and limiting most uses and disclosures of health information to the minimum amount reasonably necessary to accomplish the intended purpose. Although we are not a covered entity under HIPAA, we have entered into agreements with certain covered entities under which we are considered to be a "business associate" under HIPAA. As a business associate, we are required to implement policies, procedures and reasonable and appropriate security measures to protect individually identifiable health information we receive from covered entities. Our failure to protect health information received from customers could subject us to liability and adverse publicity, and could harm our business and impair our ability to attract new customers.

As a participant in the healthcare industry, we are also subject to extensive laws and regulations protecting the privacy and integrity of patient medical information, including privacy and security standards required under HIPAA. The HIPAA privacy standard was recently amended by the Health Information Technology for Economic and Clinical Health Act (HITECH), enacted as part of the American Recovery and Reinvestment Act of 2009. HITECH significantly increases the civil money penalties for violations of patient privacy rights protected under HIPAA. Furthermore, as of February 2010, Business Associates who have access to patient health information provided by hospitals and healthcare providers are now directly subject to HIPAA, including a new enforcement scheme and inspection requirements.

Certain governmental agencies, such as the U.S. Department of Health and Human Services and the Federal Trade Commission, have the authority to protect against the misuse of consumer information by targeting companies that collect, disseminate or maintain personal information in an unfair or deceptive manner. We are also subject to the laws of those foreign jurisdictions in which we sell the CyberKnife system, some of which currently have more protective privacy laws. If we fail to comply with applicable regulations in this area, our business and prospects could be harmed.

Risks Related to Our Common Stock

The price of our common stock is volatile and may continue to fluctuate significantly, which could lead to losses for stockholders.

The trading prices of the stock of smaller high-technology companies can experience extreme price and volume fluctuations. These fluctuations often have been unrelated or out of proportion to the operating performance of these companies. Our stock price has experienced periods of volatility. Broad market fluctuations may also harm our stock price. Any negative change in the public's perception of the prospects of companies that employ similar technology or sell into similar markets could also depress our stock price, regardless of our actual results.

Factors affecting the trading price of our common stock include:

- Regulatory developments related to manufacturing, marketing or sale of the CyberKnife system;
- Economic changes and overall market volatility;
- Political uncertainties;
- Changes in product pricing policies;
- Variations in our operating results;
- Changes in our operating results as a result of problems with our internal controls;
- Announcements of technological innovations, new services or service enhancements, strategic alliances or significant agreements by us or by our competitors;
- Recruitment or departure of key personnel;
- Changes in the estimates of our operating results or changes in recommendations by any securities analyst that elects to follow our common stock;
- Market conditions in our industry, the industries of our customers and the economy as a whole;
- Sales of large blocks of our common stock; and
- Changes in accounting principles or changes in interpretations of existing principles, which could affect our financial results.

Substantial sales of our common stock by our stockholders, including sales pursuant to 10b5-1 plans, could depress our stock price regardless of our operating results.

If our existing stockholders sell a large number of shares of our common stock or the public market perceives that existing stockholders might sell shares of common stock, including sales pursuant to 10b5-1 plans, the market price of our common stock could decline significantly. These sales might also make it more difficult for us to sell equity securities at a time and price that we deem appropriate.

Our directors, executive officers and major stockholders own approximately 42.6% of our outstanding common stock as of July 30, 2010, which could limit our ability to influence the outcome of key transactions, including changes of control.

As of July 30, 2010, our directors, executive officers, and current holders of 5% or more of our outstanding common stock, held, in the aggregate, approximately 42.6% of our outstanding common stock. This concentration of ownership may delay, deter or prevent a change of control of our company and will make some transactions more difficult or impossible without the support of these stockholders.

We have implemented anti-takeover provisions that could discourage or prevent a takeover, even if an acquisition would be beneficial in the opinion of our stockholders.

Provisions of our certificate of incorporation and bylaws could make it more difficult for a third party to acquire us, even if doing so would be beneficial in the opinion of our stockholders. These provisions include:

- Authorizing the issuance of "blank check" preferred stock that could be issued by our board of directors to increase the number of outstanding shares and thwart a takeover attempt;
- Establishing a classified board of directors, which could discourage a takeover attempt;
- Prohibiting cumulative voting in the election of directors, which would limit the ability of less than a majority of stockholders to elect director candidates;
- Limiting the ability of stockholders to call special meetings of stockholders;
- Prohibiting stockholder action by written consent and requiring that all stockholder actions be taken at a meeting of our stockholders; and
- Establishing advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings.

In addition, Section 203 of the Delaware General Corporation Law may discourage, delay or prevent a change of control of our company. Generally, Section 203 prohibits stockholders who, alone or together with their affiliates and associates, own more than 15% of the subject company from engaging in certain business combinations for a period of three years following the date that the stockholder became an interested stockholder of such subject company without approval of the board or $66^{2}/_{3}\%$ of the independent stockholders. The existence of these provisions could adversely affect the voting power of holders of common stock and limit the price that investors might be willing to pay in the future for shares of our common stock.

We have not paid dividends in the past and do not expect to pay dividends in the future.

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all future earnings for the operation and expansion of our business and, therefore, do not anticipate declaring or paying cash dividends in the foreseeable future. The payment of dividends will be at the discretion of our board of directors and will depend on our results of operations, capital requirements, financial condition, prospects, contractual arrangements, and other factors our board of directors may

deem relevant. If we do not pay dividends, a return on a stockholders' investment will only occur if our stock price appreciates.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. PROPERTIES

Facilities

We currently lease approximately 177,000 square feet of product development, manufacturing and administrative space in three buildings in Sunnyvale, California. The manufacturing building is approximately 50,000 square feet and is leased to us until December 2011. Our headquarters building, which is approximately 74,000 square feet, is leased to us until May 31, 2015. We currently occupy an additional building, which is approximately 53,000 square feet, but we have negotiated the termination of the lease of that building, or the Old Building, and entered into a lease for a different building, or the New Building, on the same campus. The New Building is approximately 40,000 square feet, The lease term for the New Building will commence following completion of certain improvements to it and will expire on May 31, 2015. The lease term for the Old Building will expire on the later of September 30, 2010 or the day preceding the commencement of the lease for the New Building. We have the right to renew the lease term of our headquarters office buildings for two five-year terms upon prior written notice and the fulfillment of certain conditions.

We also lease approximately 25,000 square feet of development and manufacturing space in Mountain View, California. We sublease approximately 1,350 square feet of this space. The sublease term is through September 2010. This facility is leased to us until September 2010. In addition, we maintain offices in: Pittsburgh, Pennsylvania; Miami, Florida; France; China; Japan; Spain; India; Singapore; Russia; Germany; Turkey and the United Kingdom.

We believe our current facilities are adequate to meet our current needs, but additional space, including additional radiation-shielded areas in which systems can be assembled and tested, will be required in the future to accommodate anticipated increases in manufacturing needs.

Item 3. LEGAL PROCEEDINGS

On July 22, 2009, a securities class action lawsuit was filed in the U.S. District Court for the Northern District of California against the Company and certain of its current and former directors and officers. On August 7, 2009 and August 9, 2009, two securities class action complaints, both similar to the one filed on July 22, 2009, were filed against the same defendants in the same court. These three actions were consolidated. The consolidated complaint generally alleges that the Company and the individual defendants made false or misleading public statements regarding the Company's operations and seek unspecified monetary damages and other relief.

On August 5, 2009, a shareholder derivative lawsuit was filed in Santa Clara County Superior Court against certain of the Company's current and former officers and directors. The Company is named as a nominal defendant. The complaint generally alleges that the defendants breached their fiduciary duties by misrepresenting and/or failing to disclose material information regarding the Company's business and financial performance, and seeks unspecified monetary damages and other relief. On February 25, 2010, the plaintiff dismissed the action without prejudice.

On November 24, 2009, a shareholder derivative lawsuit was filed in the U.S. District Court for the Northern District of California against certain of the Company's current and former officers and directors. The Company is named as a nominal defendant. Three other shareholder derivative lawsuits were filed in the same court on November 30, 2009, December 1, 2009 and March 16, 2010. These

actions have been consolidated. The amended consolidated complaint generally alleges that the defendants breached their fiduciary duties by misrepresenting and/or failing to disclose material information regarding the Company's business and financial performance, and that certain defendants also violated federal and California securities laws. The amended consolidated complaint seeks unspecified monetary damages and other relief.

On September 3, 2009, Best Medical International, Inc. ("Best Medical") filed a lawsuit against the Company in the US District Court for the Western District of Pennsylvania claiming the Company induced certain individuals to leave the employment of Best Medical and join the Company in order to gain access to Best Medical's confidential information and trade secrets. They are seeking monetary damages and other relief. At this time the Company does not have enough information to estimate what, if any, financial impact this claim will have.

On August 6, 2010, Best Medical filed an additional lawsuit against the Company in the U.S. District Court for the Western District of Pennsylvania, claiming the Company has infringed U.S. Patent No. 5,596,619, a patent that Best Medical alleges protects a method and apparatus for conformal radiation therapy. They are seeking declaratory and injunctive relief as well as unspecified compensatory and treble damages and other relief. At this time the Company does not have enough information to estimate what, if any, financial impact this claim will have.

As of June 30, 2010, the Company has not recorded any liabilities for the above referenced lawsuits as a loss is not considered probable or estimable.

From time to time we are involved in legal proceedings arising in the ordinary course of our business.

Item 4. (Removed and Reserved)

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Stock Information

Our common stock is traded on the Nasdaq Global Market under the symbol "ARAY." The high and low sale prices for each quarterly period during our fiscal years ended June 30, 2010 and 2009 are as follows:

	High	Low
Year ended June 30, 2010		
First Quarter	$ 7.58	$ 5.75
Second Quarter	$ 6.86	$ 4.93
Third Quarter	$ 7.75	$ 5.50
Fourth Quarter	$ 7.18	$ 5.77
Year ended June 30, 2009		
First Quarter	$ 9.08	$ 6.72
Second Quarter	$ 9.00	$ 3.70
Third Quarter	$ 6.59	$ 3.78
Fourth Quarter	$ 8.35	$ 4.72

We have never paid cash dividends on our common stock. Our Board of Directors intends to use any future earnings to support operations and reinvest in the growth and development of our business. There are no current plans to pay out cash dividends to common stockholders in the foreseeable future.

As of July 30, 2010, there were 115 registered stockholders of record of our common stock.

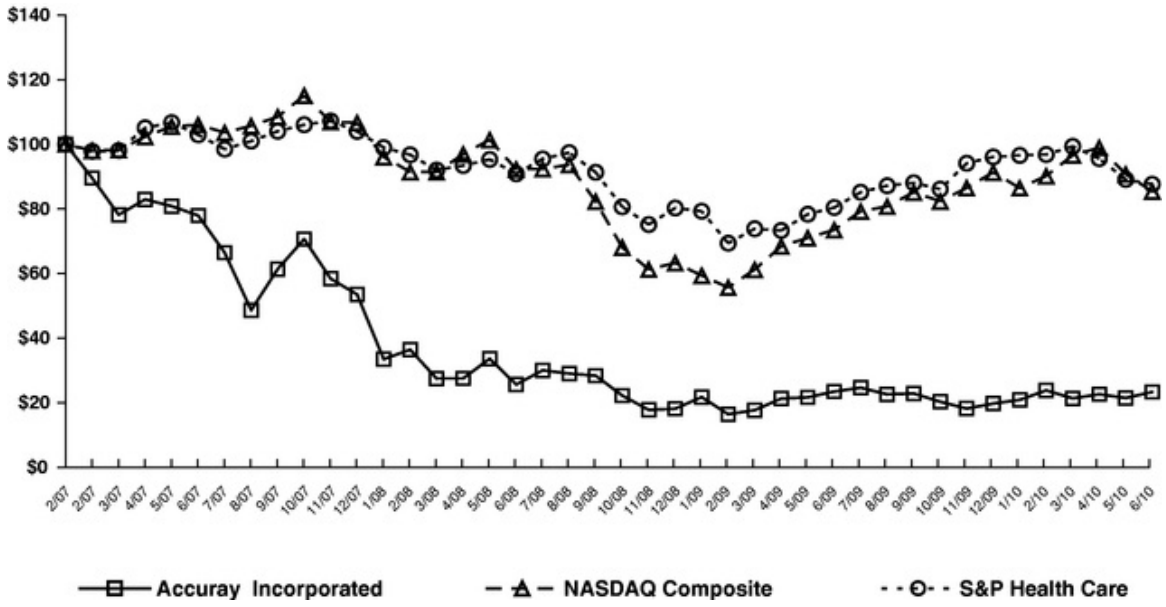
Stock Performance Graph

The graph set forth below compares the cumulative total stockholder return on our common stock between February 8, 2007 (the date of our initial public offering) and June 30, 2010, with the cumulative total return of (i) the S&P Healthcare Index and (ii) the Nasdaq Composite Index, over the same period. This graph assumes the investment of $100.00 on February 8, 2007 in our common stock, the S&P Healthcare Index and the Nasdaq Composite Index, and assumes the reinvestment of dividends, if any. The graph assumes the initial value of our common stock on February 8, 2007 was the closing sales price of $28.47 per share.

The comparisons shown in the graph below are based upon historical data. We caution that the stock price performance shown in the graph below is not necessarily indicative of, nor is it intended to forecast, the potential future performance of our common stock. Information used in the graph was obtained from Research Data Group, a source believed to be reliable, but we are not responsible for any errors or omissions in such information.

COMPARISON OF 41 MONTH CUMULATIVE TOTAL RETURN*

Among Accuray Incorporated, the NASDAQ Composite Index
and the S&P Health Care Index



The information set forth under the heading "Equity Compensation Plan Information" in Item 12 of this Annual Report on Form 10-K is incorporated herein by reference.

Item 6. SELECTED FINANCIAL DATA

The following selected consolidated financial data should be read in conjunction with, and are qualified by reference to, our consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this Form 10-K. The consolidated statements of operations for the years ended June 30, 2010, 2009 and 2008, and the consolidated balance sheet data at June 30, 2010 and 2009 are derived from, and are qualified by reference to, the consolidated financial statements that have been audited by our independent registered public accounting firm, which are included elsewhere in this Form 10-K. The consolidated statements of operations data for the years ended June 30, 2007 and 2006 and the

consolidated balance sheet data at June 30, 2008, 2007 and 2006 is derived from our audited consolidated financial statements not included in this Form 10-K.

	Years Ended June 30,				
	2010	2009	2008	2007	2006
	(in thousands, except per share data)				
Consolidated Statements of Operations Data:					
Net revenue	$ 221,625	$ 233,598	$ 210,381	$ 140,452	$ 52,897
Cost of revenue(1)	117,607	118,308	103,429	60,413	27,492
Gross profit	104,018	115,290	106,952	80,039	25,405
Operating expenses:					
Selling and marketing(1)	34,187	45,493	42,726	37,889	25,186
Research and development(1)	31,523	35,992	32,880	26,775	17,788
General and administrative(1)	35,472	36,223	32,280	23,915	15,923
Total operating expenses	101,182	117,708	107,886	88,579	58,897
Income (loss) from operations	2,836	(2,418)	(934)	(8,540)	(33,492)
Other income, net	1	3,082	7,184	3,530	56
Income (loss) before provision for income taxes and cumulative effect of change in accounting principle	2,837	664	6,250	(5,010)	(33,436)
Provision (benefit) for income taxes	(4)	55	867	1,444	258
Income (loss) before cumulative effect of change in accounting principle	2,841	609	5,383	(6,454)	(33,694)
Cumulative effect of change in accounting principle, net of tax of $0	—	—	—	838	—
Net income (loss) attributable to common stockholders	$ 2,841	$ 609	$ 5,383	$ (5,616)	$ (33,694)
Net income (loss) per common share:					
Basic					
Income (loss) before cumulative effect of change in accounting principle	$ 0.05	$ 0.01	$ 0.10	$ (0.21)	$ (2.11)
Cumulative effect of change in accounting principle	—	—	—	0.03	—
Basic net income (loss) per share	$ 0.05	$ 0.01	$ 0.10	$ (0.18)	$ (2.11)
Diluted					
Income (loss) before cumulative effect of change in accounting principle	$ 0.05	$ 0.01	$ 0.09	$ (0.21)	$ (2.11)
Cumulative effect of change in accounting principle	—	—	—	0.03	—
Diluted net income (loss) per share	$ 0.05	$ 0.01	$ 0.09	$ (0.18)	$ (2.11)
Weighted average common shares outstanding used in computing net income (loss) per share:					
Basic	57,560	55,413	54,531	30,764	15,997
Diluted	60,191	58,729	60,434	30,764	15,997

(1) Includes stock-based compensation expense as follows:

	Years Ended June 30,				
	2010	2009	2008	2007	2006
	(in thousands)				
Cost of revenue	$ 1,721	$ 2,285	$ 1,858	$ 1,205	$ 863
Selling and marketing	$ 1,433	$ 3,441	$ 4,197	$ 3,958	$ 2,569
Research and development	$ 2,850	$ 3,190	$ 3,059	$ 2,448	$ 1,574
General and administrative	$ 4,642	$ 6,545	$ 7,785	$ 5,016	$ 3,237

	Years Ended June 30,				
	2010	2009	2008	2007	2006
Selected Operating Data:					
Number of CyberKnife systems installed per year					
United States	18	25	19	22	22
International	13	11	12	11	6
Total	31	36	31	33	28

	As of June 30,				
	2010	2009	2008	2007	2006
	(in thousands)				
Consolidated Balance Sheet Data:					
Cash and cash equivalents	$ 45,434	$ 36,835	$ 36,936	$ 204,830	$ 27,856
Short-term investments	$ 99,881	$ 64,634	$ 85,536	$ —	$ —
Long-term investments	$ —	$ 57,252	$ 37,014	$ —	$ —
Deferred cost of revenue	$ 11,102	$ 21,917	$ 43,391	$ 61,231	$ 56,588
Total assets	$ 263,184	$ 274,386	$ 295,004	$ 332,109	$ 138,623
Short-term debt	$ —	$ —	$ —	$ —	$ —
Deferred revenue	$ 47,393	$ 75,882	$ 114,175	$ 154,257	$ 149,664
Working capital (deficit)	$ 152,048	$ 80,083	$ 87,744	$ 148,522	$ (3,783)
Redeemable convertible preferred stock	$ —	$ —	$ —	$ —	$ 27,504
Stockholders' equity (deficiency)	$ 170,076	$ 153,902	$ 130,763	$ 125,443	$ (80,855)

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our consolidated financial condition and results of operations in conjunction with the financial statements and the notes thereto included elsewhere in this report. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this report on Form 10-K, particularly in "Risk Factors."

Overview

We have developed what we believe to be the first and only commercially available intelligent robotic radiosurgery system, the CyberKnife system, designed to treat solid tumors anywhere in the body as an alternative to traditional surgery. The CyberKnife system combines continuous image-guidance technology with a compact linear accelerator that has the ability to move in three dimensions according to the treatment plan. Our image-guidance technology enables the system to continuously acquire images to track a tumor's location and transmit any position corrections to the robotic arm prior to delivery of each dose of radiation. Our compact linear accelerator ("linac") is a compact radiation treatment device that uses microwaves to accelerate electrons to create high-energy X-ray beams to destroy the tumor. This combination, which we refer to as intelligent robotics, extends the benefits of radiosurgery to the treatment of tumors anywhere in the body. The CyberKnife system autonomously tracks, detects and corrects for tumor and patient movement in real-time during the procedure, enabling delivery of precise, high dose radiation typically with sub-millimeter accuracy. The CyberKnife procedure requires no anesthesia, can be performed on an outpatient basis and allows for the treatment of patients who otherwise would not have been treated with radiation or who may not have been good candidates for surgery. In addition, the CyberKnife procedure is designed to avoid many of the potential risks and complications that are associated with other treatment options and is more cost effective than traditional surgery.

In July 1999, we obtained 510(k) clearance from the United States Food and Drug Administration, or FDA, to market the CyberKnife system for the treatment of tumors and certain other conditions in the head, neck and upper spine. In August 2001, we received FDA clearance for the treatment of tumors anywhere in the body where radiation treatment is indicated. In September 2002, we received a CE mark for the sale of the CyberKnife system in Europe. CE mark is an international symbol that represents adherence to certain essential principles of safety and effectiveness mandated in the European Medical Device Directive. We received approval for full-body treatment in Japan in June 2008; previously our CyberKnife regulatory approvals in Japan were limited to treatment for indications in the head and neck. The CyberKnife system has also been approved for various indications in Korea, Taiwan, China and other countries. To date, our CyberKnife system has been used to deliver more than 95,000 patient treatments.

In the United States, we sell to customers, including hospitals and stand-alone treatment facilities, directly through our sales organization. Outside the United States, we sell to customers in over 80 countries directly and through distributors. We have sales and service offices in Paris, France, Hong Kong, China, Tokyo, Japan, Madrid, Spain, New Delhi, India, Singapore, Moscow, Russia, Munich, Germany, Istanbul, Turkey and London, UK. As of June 30, 2010, we had 45 employees in our sales organization.

Our CyberKnife systems are either sold to our customers or placed with our customers pursuant to our shared ownership program. As of June 30, 2010, we had 206 CyberKnife systems installed at customer sites, including 203 sold and three pursuant to our shared ownership program. Of the 206 systems installed, 132 are in the Americas, 45 are in Asia and 29 are in Europe.

In addition to selling the CyberKnife system to customers through direct sales, we offer alternative arrangements to customers who may not have the financial means to purchase a CyberKnife system. For example, under our shared ownership program, we retain title to the CyberKnife system while the customer has use of the system. Our shared ownership contracts generally require a minimum monthly payment from the customer, and we may earn additional revenue through the use of the system at the site. Generally, minimum monthly payments are equivalent to the revenue generated from treating three to four patients per month, and any revenue received from additional patients is shared between us and the customer. We expect to continue to offer our shared ownership program to new customers. The shared ownership program typically has a term of five years, during which the customer has the option to purchase the system at pre-determined prices.

We manufacture and assemble our CyberKnife systems at our manufacturing facility in Sunnyvale, California. We purchase major components, including the robotic manipulator, the treatment table or robotic couch, the magnetron, which creates the microwaves for use in the linear accelerator, the imaging cameras and the computers, from outside suppliers, some of which are single source. Our reliance on single source suppliers could harm our ability to meet demand for our products in a timely and cost effective manner. However, in most cases, if a supplier were unable to deliver these components, we believe that we would be able to find other sources for these components subject to any regulatory qualifications, if required. We would, however, likely suffer some delays as a result of qualifying any new supplier. We manufacture certain other electronic and electrical subsystems, including the linear accelerator. We then assemble and integrate these components with our proprietary software and perform testing prior to shipment to customer sites.

We generate revenue from sales of products and by providing ongoing services and upgrades to customers following installation of the CyberKnife system. The current United States price for the CyberKnife system typically includes initial training, installation, and a one-year warranty. We also offer optional hardware and software when and if available, technical enhancements and upgrades to the CyberKnife system, as part of our multiyear service plans. Currently, our most comprehensive service plan is our Diamond Elite multiyear service plan, or Diamond plan. Under our Diamond plan,

customers are eligible to receive up to two upgrades per year, when and if available. Prior to introducing our Diamond plan, we offered our Platinum service plan which provided specified future upgrade obligations. For systems sold with a Platinum service plan, all revenue, including CyberKnife product and service revenue, is deferred until all upgrade obligations have been satisfied and then is recognized ratably over the remaining life of the Platinum service contract. As of June 30, 2010 and 2009, 150 out of 160 and 123 out of 147 of our customers that purchased service plans had purchased non-Platinum service plans.

The CyberKnife procedure is currently covered and reimbursed by Medicare and other governmental and non-governmental third-party payors. Medicare coverage currently exists in the hospital outpatient setting and in the freestanding clinic setting. For calendar year 2010, the national unadjusted average Medicare payment rates under Healthcare Common Procedure Coding System, or HCPCS, are $3,572 under code G0339, the billing code for the first treatment, and $2,488 under code G0340, the billing code for each of the second through fifth treatments. Payment for the freestanding clinic setting is governed by the final Medicare Physician Fee Schedule. For 2010, payment for CyberKnife procedures in the freestanding clinic settings for first and subsequent treatments is set by local Medicare carriers and rates may vary from low payment to a payment rate exceeding the hospital outpatient payment rates. We will continue to evaluate the impact that the health care legislation bill, HR 4872, and the effect the implementation of its statutes may have on Medicare reimbursement rates.

In late June and early July of 2010 Medicare published its proposed rules for hospital outpatient services, for physicians, and services performed in the freestanding center setting. After a 60 day comment period Medicare will review and analyze the comments. Once Medicare's analysis is complete the final rules will be published, which we anticipate to occur near the end of October 2010. The proposed rates in the hospital outpatient setting reflect a 4.4% decrease for G0339 and a 1.1% increase for G0340. Proposed payment in the freestanding clinic setting for the first and subsequent treatments continues to be set by local Medicare carriers and rates may vary from low payment to a payment rate exceeding the hospital outpatient payment rates.

In addition to Medicare reimbursement to hospitals and clinics, physicians receive reimbursement for their professional services in the hospital outpatient setting and the freestanding clinic setting. Payment to physicians is based on the Medicare Physician Fee Schedule, and payment amounts are updated on an annual basis. For 2010, Medicare adjusted reimbursement rates for the Current Procedural Terminology, or CPT, code series describing the surgeon's role in the delivery of CyberKnife cranial and spinal procedures beginning with 61796 and 63620 to varying degrees. For example, the rate for treating five simple cranial lesions was reduced by less than one percent, and the rate for treating one complex cranial lesion was increased by more than 40%. For 2011 Medicare has proposed adjustments to reimbursement rates for the CPT code series describing the surgeon's role in the delivery of CyberKnife cranial and spinal procedures beginning with 61796 and 63620 to varying degrees. These adjustments vary from a 27% increase to a 33% increase.

Radiosurgery procedures in other anatomies require other surgeons to bill unlisted CPT codes with no assigned payment rates. Payment rates for unlisted codes are set by the local Medicare carrier and rates may vary from no payment to rates equivalent to the comparable CPT rates for the series beginning with 61796 and 63620. Coding for other physicians (primarily radiation oncologists) involved in the delivery of CyberKnife treatment increased by one percent. Medicare did not propose changes for 2011 to payment rates in other anatomies not described by the cranial and spinal procedure codes.

In November of 2009, we announced the introduction of the CyberKnife VSI system, which allows physicians to perform conventionally fractioned robotic image guided intensity-modulated radiation therapy, or Robotic IMRT, in addition to Robotic Stereotactic Radiosurgery procedures. Reimbursement for Robotic IMRT is expected to be similar to conventional IMRT. Medicare 2011

proposed physician fee schedule rules reflect an 11% increase in 2011 for the treatment delivery code used to report IMRT services delivered by the CyberKnife VSI system.

Our future success will depend in large part on our ability to maintain and increase our position in the market. To compete successfully, we will need to continue to demonstrate the advantages of our products and technologies over alternative procedures, products and technologies, and convince physicians and other healthcare decision makers of the advantages of our products and technologies. Our business and sales and installation cycle does not immediately create recognizable revenue. As such, we must invest in sales and marketing activities generally 1 to 2 years before we are able to generate revenue from those activities. Our ability to achieve and maintain long-term profitability is largely dependent on our ability to successfully market and sell the CyberKnife system and to control our costs and effectively manage our growth.

Financial Operations

Sales and Installation Cycle

The CyberKnife system has a long sales and installation cycle because it is a major capital purchase for our typical customer and requires the approval of senior management at purchasing institutions. The sales and installation cycle is typically 1 to 2 years in duration and involves multiple steps. The cycle begins with customer meetings with sales and products specialists, and ends upon resolution of all contingencies and either upon shipment, if a customer is responsible for installation, or upon installation by us. Prior to installation, a purchasing institution must typically obtain a radiation device installation permit, and in some cases, a certificate of need or CON, both of which must be granted by state and local government bodies and can add time to the cycle. Recently, as a result of healthcare cost considerations and sensitivity to the cost of major capital equipment items, some state CON boards have become more stringent in the evaluation of CON applications. This trend, if it continues, may make the CON process more protracted and uncertain. In addition, the purchasing institution must build a radiation shielded facility or upgrade an existing facility to house the CyberKnife system. We generally receive a deposit at the time the purchase agreement is entered into, or shortly thereafter, an additional payment prior to shipment and the remaining balance for the sale of the CyberKnife system after delivery and installation. The customer also typically selects a service plan at the time of signing a CyberKnife system purchase agreement and enters into the service plan agreement prior to installation of the system.

Upon installation, we typically recognize the CyberKnife system sale price less the fair value of at least one year of service and training. We recognize the fair value of the first year of service as revenue pro rata over the twelve months following installation and training as delivered. In addition, if the customer has purchased our Diamond or Emerald service plan and assuming annual renewals, we would receive payment at the beginning of each of the second, third, fourth and fifth years of the multiyear service plan and recognize that revenue pro rata over each year.

Legacy Service Plans

Prior to introducing our Diamond plan, we offered a Platinum Elite multiyear service plan, or Platinum plan. This legacy service plan was structured so that we have an obligation to deliver two upgrades per year over the course of the multiyear service plan. If we fail to deliver the upgrades, our customers are entitled to receive a refund of up to $100,000 for each upgrade not offered. To date, no refunds have been required pursuant to the Platinum plan. Beginning in November 2005, we phased out offering this legacy service plan to new customers.

The Platinum plan obligates us to deliver up to two upgrades per year during the term of the contract. We have not established fair value for those future obligations; hence, generally accepted accounting principles in the United States, or GAAP, requires that we cannot begin to recognize any of the revenue derived from the sale of the CyberKnife system or the associated service plan until all upgrade obligations have been fulfilled. Therefore, the payments made by our customers who have our legacy Platinum plan are categorized as deferred revenue. Once we fulfill all upgrade obligations with respect to a specific Platinum plan, we ratably recognize the revenue from the sale of the CyberKnife system and the Platinum plan over the remaining life of the contract. As of the end of June 2010 we had installed the final upgrades on all systems sold under Platinum agreements. We anticipate that we will satisfy our final obligations under the remaining Platinum service plans and recognize Platinum service revenue of approximately $5 million in fiscal 2011.

Customers who purchased Platinum plans may purchase additional upgrades as optional extras prior to the delivery of all originally specified upgrade obligations. Such additional upgrades are considered elements of the original arrangement and associated revenues are deferred until the earlier of: (1) delivery of all elements (upgrade obligations), or (2) establishment of vendor specific objective evidence, or VSOE, of fair value for all undelivered elements. Sales of additional upgrades after delivery of all specified upgrade obligations, as stated in the original contract, are considered separate arrangements and are recognized once all revenue recognition criteria applicable to the separate arrangements are met.

As of June 30, 2010 we had fulfilled all upgrade obligations with respect to the sale of systems in connection with Platinum plans.

Warranty

All customers purchasing a CyberKnife system receive up to a two year warranty. In circumstances where we have VSOE of fair value for all undelivered elements, we recognize the CyberKnife system purchase price minus the fair value of support services upon installation, if we are responsible for providing installation, or delivery, and we recognize the value of the support ratably over the corresponding period following installation.

Shared Ownership Program Revenue

We recognize revenue monthly from our shared ownership program that consists of a minimum monthly payment. We also recognize usage-based revenue in excess of the monthly minimum based on usage reports from our customers. We recognized revenue from our shared ownership program of $1.9 million, $3.7 million and $10.3 million for the years ended June 30, 2010, 2009 and 2008. The decrease in shared ownership revenue from June 30, 2010 compared to June 30, 2009 and 2008 is due to the buyout of a large portion of the placement units throughout the previous fiscal years. In limited cases, we received nonrefundable upfront payments from shared ownership program customers which are treated as deferred revenue and recognized over the term of the contract.

The CyberKnife system shared ownership systems are recorded within property and equipment and are depreciated over their estimated life of seven years. Depreciation and warranty expense attributable to shared ownership systems are recorded within cost of shared ownership program as they are incurred.

International Sales Revenue

We sell our products internationally through a combination of direct sales force and a network of distributors. We have strategically developed distributor relationships to serve our customers. Many of our distributors are responsible for installation and service support.

For international sales, we recognize revenue once we have met all of our obligations associated with the purchase agreement, other than for undelivered service elements for which we have VSOE of fair value. In situations where we are directly responsible for installation, we recognize revenue once we have installed the CyberKnife system and have confirmed performance against specification. For sales through distributors, we recognize revenue upon shipment provided we have received proof of sell-through to the end user from the distributor and assuming all of our remaining obligations have been satisfied. Net revenue from international customers was $74.2 million, $62.0 million and $67.8 million for the years ended June 30, 2010, 2009 and 2008. We believe the increase in international sales for the year ended June 30, 2010 is due to a number of factors, including the following: increased focus on international markets through regionalization, different impact of the economic downturn by country, greater significance of government affiliated hospital customers, and growth in select country markets.

Backlog

Backlog consists of the sum of deferred revenue, future un-invoiced payments that our customers are contractually committed to make, signed, non-contingent CyberKnife system sale agreements that meet the detailed criteria set forth below, service plans and minimum payment requirements associated with our shared ownership program. In previous fiscal years, we reported both contingent and non-contingent CyberKnife system sale agreements as backlog, however, as previously disclosed, we refined our definition of backlog in fiscal year 2010 to enhance the usefulness of this information in analyzing and building models of our business. Beginning July 1, 2009, in order for a CyberKnife system sale agreement to be counted as backlog under the refined definition, it must meet the following criteria:

- The contract is signed and properly executed by both the customer and Accuray;
- The contract is non-contingent—it either has cleared all its contingencies or contains no contingencies when signed;
- Accuray has received a deposit or a letter of credit, or the sale is a direct channel sale to a government entity;
- The specific end customer site has been identified by the customer in the written contract or written amendment; and
- Less than 2.5 years have passed since the contract met all the criteria above.

Included in customers' agreements to purchase a CyberKnife is an option to select the type and term of service coverage that they desire. Backlog includes the value of this service coverage selected by customers in their original agreement to purchase a CyberKnife system. Before installation of the CyberKnife is complete and service commences the customer must complete and sign a separate service agreement for service coverage (i.e. Diamond or Emerald service). If at the time of signing the service agreement a customer selects a different type of service than the option selected in the CyberKnife system purchase agreement, our backlog is adjusted to reflect the service agreement the customer signed.

At June 30, 2010, our backlog under our refined definition was approximately $374.1 million. Of total backlog under the refined definition, $131.9 million represented CyberKnife system sales at June 30, 2010, and $242.2 million represented revenue from service plans and other recurring revenues at June 30, 2010. We anticipate that this backlog will be recognized over the next five years as installations occur, upgrades are delivered and services are provided. We have not provided comparisons of our backlog in fiscal 2010 to our backlog from fiscal 2009. Given the change in our backlog definition from fiscal 2009 to fiscal 2010, such comparisons would not be meaningful, as the definitions of backlog were based on different criteria.

Although our backlog includes only contractual agreements from our customers, we cannot make assurances that we will convert it into recognized revenue due to factors outside our control including without limitation, changes in customers' needs, changes in reimbursement, changes to regulatory requirements, or other cancellation of orders.

Results of Operations

Overview

Our results of operations are divided into the following components:

Net revenue. Our net revenue consists primarily of product revenue (revenue derived primarily from the sale of CyberKnife systems and the sale of linacs for other uses), shared ownership program revenue (revenue generated from our shared ownership program), services revenue (revenue generated from sales of post contract support service plans, installation and training) and other revenue (revenue from specialized upgrade services for units previously sold in Japan, other specialized services and other non-medical products).

Deferred Revenue—Platinum Multiyear Service Plans. We are required to defer all of the revenue associated with our legacy multiyear service plans, including our Platinum plan, until we have satisfied all of the specified obligations related to the delivery of upgrades to the CyberKnife system during the life of the service plan. This includes deferring revenue for the cash received for the purchase of the CyberKnife system and multiyear service plans until we have delivered all upgrades which the customer is eligible to receive. Once we have satisfied our obligations for delivery of upgrades under the plan, we recognize revenue ratably over the remaining life of the service plan. We have not offered the Platinum service plan to new customers since we phased it out when we introduced our Diamond plan in November 2005. Prior to fiscal 2009 we had installed the final upgrades and recognized all revenue on systems sold under Gold agreements. As of the end of June 2010 we had installed the final upgrades on all systems sold under Platinum agreements. We recognized approximately $28.9 million of revenue related to these Platinum agreements in fiscal 2010. We anticipate that we will satisfy our final obligations under the remaining Platinum service plans and recognize Platinum service revenue of approximately $5 million in fiscal 2011.

Cost of revenue. Cost of revenue consists primarily of material, labor and overhead costs. In future periods, we expect cost of revenue may fluctuate from quarter to quarter depending on system configurations ordered by our customers and overall revenue mix.

Selling and marketing expenses. Selling and marketing expenses consist primarily of costs for personnel and costs associated with participation in medical conferences, physician symposia, and advertising and promotional activities. We expect marketing expenses may fluctuate from quarter to quarter due to the timing of major marketing events, such as significant trade shows.

Research and development expenses. Research and development expenses consist primarily of activities associated with our product development, regulatory and clinical study arrangements.

General and administrative expenses. General and administrative expenses consist primarily of compensation and related costs for finance, in-house legal, and human resources, and external expenses related to accounting, legal and other consulting fees.

Other income, net. Other income, net consists primarily of interest earned on our cash and cash equivalents and investments, unrealized losses on our long-term trading securities, net of unrealized gains on our put option, foreign currency transaction gains and losses, losses on fixed asset disposals, and state and local sales and use tax fines and penalties.

Years ended June 30, 2010, 2009 and 2008

Net revenue

(Dollars in thousands)	Years Ended June 30, 2010	2009	2008
Products	$ 141,297	$ 159,257	$ 152,374
Shared ownership program	1,890	3,651	10,262
Services	77,504	66,344	38,808
Other	934	4,346	8,937
Net revenue	$ 221,625	$ 233,598	$ 210,381

Total net revenue for the year ended June 30, 2010 decreased $12.0 million from the year ended June 30, 2009. During the year ended June 30, 2010, 31 CyberKnife systems were installed, of which 30 were sold and one was attributable to our shared ownership program, compared to 36 systems installed, including 35 sold and one attributable to our shared ownership program during the year ended June 30, 2009.

Not including our revenue recognized for systems sold under our Platinum plan, we recognized $128.7 million of product revenue in fiscal 2010, associated with 38 CyberKnife systems sold. By comparison, during fiscal 2009, we recognized product revenue of $123.7 million associated with 41 CyberKnife systems, which included 39 units sold and two units purchased out of our shared ownership program. The increase in fiscal 2010 is due primarily to the remaining deferred revenue for units sold in prior periods recognized in fiscal year 2010 in accordance with our revenue recognition policy and an increase in upgrades and accessories sold.

Excluding revenue recognized for systems sold under our Platinum plan, we recognized non-Platinum service revenue of $61.2 million for the year ended June 30, 2010, which increased approximately $19.3 million from the year ended June 30, 2009, due to the continued growth in our installed base under service plans. As of June 30, 2010 and 2009, 150 out of 160 and 123 out of 147 of our customers that had purchased service plans, respectively, had purchased non-Platinum service plans.

We recognized $28.9 million of revenue in fiscal 2010 from systems sold under our Platinum plan, $12.6 million for product revenue and $16.3 million for service revenue. We recognized $60.1 million of revenue in fiscal 2009 from systems sold under our Platinum plan, $35.6 million for product revenue and $24.5 million for service revenue. By the end of June 2010 we had satisfied all upgrade delivery obligations on the 30 units sold under our Platinum plan. Once all upgrade delivery obligations have been satisfied, revenue is recognized over the remaining term of the contract service term.

Shared ownership program revenue for the year ended June 30, 2010 decreased approximately $1.8 million from the year ended June 30, 2009, primarily due to the sale of one CyberKnife system at the end of fiscal year 2009 that had been in our shared ownership program. We anticipate revenue from our shared ownership program will increase slightly in future periods due to the installation of one new shared ownership system in fiscal year 2010.

Revenue from upgrade services in Japan, classified as "Other revenue" in our consolidated statements of operations for the year ended June 30, 2010, decreased approximately $3.4 million from the year ended June 30, 2009 due to a decrease in upgrade services provided to our installed systems in Japan.

Total net revenue for the year ended June 30, 2009 increased $23.2 million from the year ended June 30, 2008. During the year ended June 30, 2009, 36 CyberKnife systems were installed, of which 35 were sold and one was attributable to our shared ownership program, compared to 31 systems installed,

including 27 units sold and four attributable to our shared ownership program during the year ended June 30, 2008.

Excluding revenue recognized for systems sold under our Platinum plan, we recognized $123.7 million of product revenue in fiscal 2009, associated with 41 CyberKnife systems, which included 39 units sold and two units purchased out of our shared ownership program. By comparison, during fiscal 2008, we recognized product revenue of $130.9 million associated with 46 CyberKnife systems, which included 34 units sold and 12 units purchased out of our shared ownership program. The decrease in fiscal 2009 is due primarily to the sale in fiscal 2008 of twelve CyberKnife systems that had been in our shared ownership program for an aggregate purchase price of $23.7 million offset partially by the increase from 34 to 38 units sold not related to our shared ownership program.

Excluding revenue recognized for systems sold under our Platinum plan, we recognized non-Platinum service revenue of $41.9 million for the year ended June 30, 2009, which increased approximately $15.5 million from the year ended June 30, 2008, due to the continued growth in our installed base under service plans. As of June 30, 2009 and 2008, 123 and 77 of our customers, respectively, had purchased non-Platinum service plans.

We recognized $60.1 million of revenue in fiscal 2009 from systems sold under our Platinum plan, $35.6 million for product revenue and $24.5 million for service revenue. We recognized $34.0 million of revenue in fiscal 2008 from systems sold under our Platinum plan, $21.5 million for product revenue and $12.5 million for service revenue. By the end of June 2009 we had satisfied all upgrade delivery obligations on 29 of the 30 units sold under our Platinum plan. Once all upgrade delivery obligations have been satisfied, revenue is recognized over the remaining term of the contract service term.

Shared ownership program revenue for the year ended June 30, 2009 decreased approximately $6.6 million from the year ended June 30, 2008, primarily due to the sale of 12 CyberKnife systems through the year ended June 30, 2008 that had been in our shared ownership program.

Revenue from upgrade services in Japan, classified as "Other revenue" in our consolidated statements of operations for the year ended June 30, 2009, decreased approximately $4.6 million from the year ended June 30, 2008 due to a decrease in upgrade services provided to our installed systems in Japan.

Gross profit

	Years Ended June 30,					
	2010		2009		2008	
	(Dollars in thousands)	(Gross margin %)	(Dollars in thousands)	(Gross margin %)	(Dollars in thousands)	(Gross margin %)
Gross profit	$ 104,018	46.9%	$ 115,290	49.4%	$ 106,952	50.8%
Products	$ 76,100	53.9%	$ 90,353	56.7%	$ 85,191	55.9%
Shared ownership program	$ 871	46.1%	$ 2,876	78.8%	$ 7,745	75.5%
Services	$ 26,772	34.5%	$ 21,753	32.8%	$ 11,943	30.8%
Other	$ 275	29.4%	$ 308	7.1%	$ 2,073	23.2%

Gross profit as a percentage of net revenue for the year ended June 30, 2010 decreased from the year ended June 30, 2009. This decrease is due to a change in the mix of revenue sources as well as changes in the gross profit margin for these revenue sources. Services revenue, with a gross profit margin lower than for product revenue, increased as a percentage of total net revenues due to the continued installation of new systems and a decline in product revenues. In addition product margins declined due to a number of factors including a trend towards higher functionality configurations which carry higher costs. The increase in service revenue margins was attributable to a greater number of systems on a service contract and lower replacement parts consumption over the prior year. Shared

ownership program revenue as a percentage of net revenues for the year ended June 30, 2010 decreased primarily due to the sale of units in the shared ownership program and reduction in residual revenue from the units sold in prior years.

Gross profit as a percentage of net revenue for the year ended June 30, 2009 decreased slightly from the year ended June 30, 2008. This decrease is attributable to an increase in services revenue as a percentage of total net revenues, which have higher costs of revenue as compared to product revenue and decrease in shared ownership revenue as a percentage of total net revenues, which have lower costs of revenue as compared to product revenue. The increase in service revenue margins was attributable mainly to an increase in platinum service margins due to high margins on five Platinum systems that were fully recognized during the year ended June 30, 2009, in accordance with the final upgrades being installed at these sites during the final period of the service contract term, compared to one site that was fully recognized during the year ended June 30, 2008. Shared ownership program revenue as a percentage of net revenues for the year ended June 30, 2009 decreased primarily due to the sale of two CyberKnife systems that had been in our shared ownership program during the year ended June 30, 2009 compared to the sale of 12 CyberKnife systems that had been in our shared ownership program during the year ended June 30, 2008.

Selling and marketing expenses

	Years Ended June 30,		
(Dollars in thousands)	2010	2009	2008
Selling and marketing	$ 34,187	$ 45,493	$ 42,726
% of net revenue	*15.4%*	*19.5%*	*20.3%*

Selling and marketing expenses for the year ended June 30, 2010 decreased $11.3 million from the year ended June 30, 2009. The decrease was primarily attributable to a decrease of $4.6 million in salaries, benefits and stock-based compensation as we reduced headcount in selling and marketing by approximately 12% year over year. We increased efforts tocontrol spending in fiscal year 2010 resulting in the reduction of $2.2 million in travel, entertainment and meetings, $1.7 million in advertising and trade show expenses, $573,000 of other outside services and $690,000 in allocated facility expenses as a result of the reduction in sales and marketing headcount. Sales commissions decreased $823,000 due to lower total sales and amounts that were expensed for employees terminated during the year ended June 30, 2009

Selling and marketing expenses for the year ended June 30, 2009 increased $2.8 million from the year ended June 30, 2008. The increase was primarily attributable to an increase of $1.8 million in sales commissions due to an increase in sales and previously paid amounts that were expensed for employees terminated during the year ended June 30, 2009, an increase of $468,000 in expenses primarily related to a contribution made to the CyberKnife Society, and an increase of $462,000 in severance related charges recorded as a result of the Workforce Alignment Plan, or 2009 Plan, completed in January 2009, to reduce headcount and improve efficiency and productivity.

Research and development expenses

	Years Ended June 30,		
(Dollars in thousands)	2010	2009	2008
Research and development	$ 31,523	$ 35,992	$ 32,880
% of net revenue	*14.2%*	*15.4%*	*15.6%*

Research and development expenses for the year ended June 30, 2010 decreased $4.5 million from the year ended June 30, 2009. The decrease was primarily attributable to a decrease of $1.4 million in salaries and benefits and $340,000 in stock-based compensation related to lower headcount in fiscal year 2010. We increased efforts to control spending in 2010 resulting in the reduction of $1.6 million in contract labor and consulting fees and $699,000 in materials. Additionally, we incurred $301,000 of severance expense in fiscal year 2009 related to the 2009 Plan, which we did not incur in fiscal year 2010.

Research and development expenses for the year ended June 30, 2009 increased $3.1 million from the year ended June 30, 2008. The increase was primarily attributable to an increase of $1.4 million in spending on clinical development studies primarily for lung and prostate, an increase of $1.4 million in costs related to additional quality assurance and technical publications activities, and an increase of $287,000 in severance related charges recorded under the Plan.

General and administrative expenses

	Years Ended June 30,		
(Dollars in thousands)	2010	2009	2008
General and administrative	$ 35,472	$ 36,223	$ 32,280
% of net revenue	*16.0%*	*15.5%*	*15.3%*

General and administrative expenses for the year ended June 30, 2010 decreased by $751,000 from the year ended June 30, 2009. The decrease was primarily attributable to a decrease of $1.3 million in severance and $1.9 million in stock-based compensation as a result of the 2009 Plan. We increased efforts to control spending in 2010 resulting in the reduction of $1.2 million in contract labor, recruiting cost and rent. Further, bad debt expense decreased $837,000 year over year primarily due to resolution of prior year reserves. The decrease in general and administrative expense was partially offset by a $4.3 million increase in consulting services primarily associated with increased legal and tax fees driven mainly by the strategic alliance negotiations with Siemens and the shareholder lawsuit.

General and administrative expenses for the year ended June 30, 2009 increased $3.9 million from the year ended June 30, 2008. The increase was primarily attributable to an increase of $2.4 million in severance benefits due to employee separation costs and costs recorded under the Plan, an increase of $428,000 in outside consulting services related mainly to expenses recorded for Morphormics, Inc., or Morphormics, our variable interest entity which we are required to consolidate in our financial results subsequent to the acquisition in July 2008, an increase of $883,000 in legal fees and accounting, audit and tax fees mainly as a result of the investigation of the handling and accounting for certain inventory items conducted during the year ended June 30, 2009, and an increase of $444,000 in bad debt expense.

Other income, net

	Years Ended June 30,		
(Dollars in thousands)	2010	2009	2008
Other income, net	$ 1	$ 3,082	$ 7,184
% of net revenue	*0.0%*	*1.3%*	*3.4%*

Other income, net for the year ended June 30, 2010 decreased $3.1 million from the year ended June 30, 2009. We recorded $1.8 million of interest income in fiscal year 2010 which represented a $2.1 million decline from 2009 due to a decrease in both the average daily balances kept in interest bearing accounts and the interest rates earned on amounts kept in those accounts during the year. Interest income was offset by $1.7 million in foreign currency transaction loss resulting from the decline in the Euro's international conversion rate.

Other income, net for the year ended June 30, 2009 decreased $4.1 million from the year ended June 30, 2008 primarily due to a decrease of $3.8 million in interest income due to a decrease in both the average daily balances kept in interest bearing accounts and the interest rates earned on amounts kept in those accounts during the year ended June 30, 2009 compared to the year ended June 30, 2008 and net unrealized losses of $319,000 related to the change in fair value of our trading securities.

Provision for income taxes

	Years Ended June 30,		
(Dollars in thousands)	**2010**	**2009**	**2008**
Provision for income taxes	$ (4)	$ 55	$ 867
% of net revenue	*0.0%*	*0.02%*	*0.4%*

The provision for income taxes for the year ended June 30, 2010 decreased $59,000 from the year ended June 30, 2009, resulting in a $4,000 net benefit. In fiscal 2010, we recorded an increase in foreign taxes of $430,000 as compared to the prior year as the result of changes in our jurisdictional mix of income. We also recorded a decrease in federal and state taxes of $489,000 as compared to the prior year due to benefits we recognized as the result of the enactment of The Worker, Homeownership, and Business Assistance Act of 2009, which permits some relief from federal alternative minimum tax.

As of June 30, 2010, we had federal and state net operating loss carryforwards of $45.2 million and $35.2 million, respectively. These federal and state net operating loss carryforwards are available to offset against future taxable income, if any, in varying amounts and will begin to expire in 2019 for federal and 2012 for state purposes, respectively. Such net operating loss carryforwards include tax benefits from employee option exercises in excess of the stock-based compensation expense that has been recognized for those awards in accordance with ASC 718-10. We will record approximately $7.4 million as a credit to additional paid in capital if and when such excess benefits are ultimately realized. We also had federal and state research and development tax credit carryforwards of approximately $3.6 million and $4.7 million, respectively. If not utilized, the federal tax credit carryforwards will begin to expire in 2019, while the state tax credits have no expiration date. In addition, among other matters, realization of the entire deferred tax asset is dependent on our ability to generate sufficient taxable income prior to the expiration of the carryforwards. Due to the inconsistent history of net operating income as adjusted for permanent differences, we cannot conclude that the net domestic deferred tax assets will more likely than not be realized. Accordingly, we have recorded a full valuation allowance against our domestic net deferred tax assets.

At June 30, 2010, there was no provision for U.S. income tax for undistributed earnings of our foreign subsidiaries as it is currently our intention to reinvest these earnings indefinitely in operations outside the U.S. If repatriated, these earnings could result in a tax expense at the current U.S. Federal statutory tax rate of 35%, subject to available net operating losses and other factors. Subject to limitation, tax on undistributed earnings may also be reduced by foreign tax credits that may be generated in connection with the repatriation of earnings.

Stock-Based Compensation Expense

Stock-based compensation expense was recorded net of estimated forfeitures for the years ended June 30, 2010, 2009 and 2008 such that expense was recorded only for those stock-based awards that are expected to vest. For the years ended June 30, 2010, 2009 and 2008 we recorded $10.4 million, $15.5 million and $16.9 million respectively, of stock-based compensation expense, net of estimated forfeitures, for stock options, 2007 Employee Stock Purchase Plan, or ESPP, shares issued and RSUs granted to employees.

As of June 30, 2010, there was approximately $11.1 million, net of estimated forfeitures, of unrecognized compensation cost related to unvested stock options, ESPP options and restricted stock units which we expect to be recognized over a weighted average period of 2.24 years.

Liquidity and Capital Resources

At June 30, 2010, we had $45.4 million in cash and cash equivalents. As we have exercised our put option with UBS, we no longer have an outstanding line of credit. No other borrowings were outstanding as of June 30, 2010. We believe that we have sufficient cash resources and anticipated cash flows to continue in operation for at least the next 12 months.

Years ended June 30, 2010, 2009 and 2008

Cash Flows From Operating Activities. Net cash used in operating activities was $5.1 million for the year ended June 30, 2010. Our net income of $2.8 million during fiscal year 2010 was offset by a decrease in deferred revenue, net of deferred cost of revenue, of $18.6 million, an increase in prepaid expenses and other current assets of $4.2 million, an increase in accounts receivable of $2.5 million and a decrease in accounts payable of $5.4 million. The decrease in deferred revenue, net of deferred cost of revenue, was primarily a result of the recognition of revenue previously deferred for systems sold under our Platinum plan offset partially by differences between invoicing customers for products and services and the recognition of the invoicing as revenue. The increase in prepaid expenses and other current assets was due to an insurance receivable amount recorded for insurance claims. Accounts payable decreased as a result of the timing of the receipt of invoices and when payment was made. Positive cash flow from working capital changes includes an increase of $4.4 million of accrued liabilities, which was primarily due to an increase in compensation accruals and taxes payable due to higher profitability compared to the prior fiscal year. Non-cash charges included $10.6 million of stock-based compensation, $0.8 million of charges for write-downs of inventories and loss on disposal of property and equipment, $0.4 million reduction in the provision for bad debts and $7.1 million of depreciation and amortization.

Net cash used in operating activities was $3.7 million for the year ended June 30, 2009. Our net income of $609,000 during fiscal year 2009 was offset by an increase in accounts receivable of $2.8 million, a decrease in deferred revenue, net of deferred cost of revenue, of $16.5 million, and an increase in inventories of $9.7 million. The increase in accounts receivable was primarily a result of the timing difference between the shipment of products and the receipt of customer payment. The decrease in deferred revenue, net of deferred cost of revenue, was primarily a result of the recognition of revenue previously deferred for systems sold under our Platinum plan offset partially by differences between invoicing customers for products and services and the recognition of the invoicing as revenue. The increase in inventories was due primarily to an increase in our business volume and the increase in our worldwide installed base and associated service inventory requirements. Positive cash flow from working capital changes include an increase in accrued liabilities of $4.9 million of which $1.3 million was related to the inventory investigation in the first quarter and the balance was due to the timing differences between the receipt of goods and service and vendor payments and a decrease in restricted cash of $4.3 million. The decrease in restricted cash is due to the release of amounts related to contracts with customers requiring that deposited cash amounts be secured via letter of credit until delivery of the CyberKnife unit occurs. Non-cash charges included $15.5 million of stock-based compensation, $2.7 million of charges for write-downs of inventory and $6.7 million of depreciation and amortization expense.

Net cash used in operating activities was $22.8 million for the year ended June 30, 2008. Our net income of $5.4 million during fiscal year 2008 was offset by an increase in accounts receivable of $23.9 million, a decrease in deferred revenue, net of deferred cost of revenue, of $13.8 million, an increase in inventories of $10.4 million and an increase of $4.8 million in restricted cash. The increase

in accounts receivable was primarily a result of the timing difference between the shipment of products and the receipt of customer payment. The decrease in deferred revenue, net of deferred cost of revenue, was primarily a result of the timing of differences between invoicing customers under service contracts and the recognition of revenue over the contractual service period, the continued satisfaction of specified obligations to begin revenue recognition for units covered by our Platinum plans and the recognition of revenue and cost of revenue for units previously shipped to a distributor in China. The increase in inventories was due primarily to an increase in our business volume. The increase in restricted cash is due to arrangements in contracts with customers requiring that deposited cash amounts be secured via letter of credit until delivery of the CyberKnife unit occurs. Non-cash charges included $16.9 million of stock-based compensation and $7.7 million of depreciation and amortization expense.

Cash Flows From Investing Activities. Net cash provided by investing activities was $10.5 million for the year ended June 30, 2010 and was attributable to net marketable security activities of $15.7 million, which consisted of $127.1 million of sales and maturities of marketable securities offset by $111.4 million in purchases. The net increase in investment activity for the current fiscal year is due to the exercise of the put option with UBS and the sale of our ARS holdings on June 30, 2010. We used $5.1 million of cash for purchases of property and equipment.

Net cash used in investing activities was $2.4 million for the year ended June 30, 2009 and was attributable net marketable security activities of $1.8 million, which consisted of $157.7 million of sales and maturities of marketable securities offset by $155.9 million in purchases. We also used $4.2 million of cash for purchases of property and equipment.

Net cash used in investing activities was $128.6 million for the year ended June 30, 2008 and was attributable to net investment of our excess cash and cash equivalents in higher yielding investment accounts of $123.6 million, which consisted of $177.7 million of purchases and $54.1 million of sales and maturities of marketable securities and $5.0 million of purchases of property and equipment. The increase in investment activity during the year ended June 30, 2008 is due primarily to the January 2008 investment of proceeds from our initial public offering in February 2007. Purchases of property and equipment in all periods were due to the expansion of our facilities and operations.

Cash Flows From Financing Activities. Net cash provided by financing activities was $3.8 million for the year ended June 30, 2010 and was primarily attributable to proceeds from the exercise of common stock options and the purchase of common stock under our ESPP.

Net cash provided by financing activities was $5.8 million for the year ended June 30, 2009 and was primarily attributable to proceeds from the exercise of common stock options and the purchase of common stock under our ESPP.

Net cash used in financing activities was $16.2 million for the year ended June 30, 2008 and was primarily attributable to stock repurchases of $24.0 million, partially offset by proceeds from the exercise of common stock options of $4.4 million and proceeds from our ESPP of $3.0 million.

Operating Capital and Capital Expenditure Requirements

Our future capital requirements depend on numerous factors. These factors include but are not limited to the following:

- Revenue generated by sales of the CyberKnife system, our shared ownership program and service plans;
- Costs associated with our sales and marketing initiatives and manufacturing activities;
- Facilities, equipment and IT systems required to support current and future operations;

- Rate of progress and cost of our research and development activities;
- Costs of obtaining and maintaining FDA and other regulatory clearances of the CyberKnife system;
- Effects of competing technological and market developments; and
- Number and timing of acquisitions and other strategic transactions.

We believe that our current cash and cash equivalents will be sufficient to meet our anticipated cash needs for working capital and capital expenditures for at least 12 months. If these sources of cash and cash equivalents are insufficient to satisfy our liquidity requirements, we may seek to sell additional equity or debt securities or obtain additional credit facilities. The sale of additional equity or convertible debt securities could result in dilution to our stockholders. If additional funds are raised through the issuance of debt securities, these securities could have rights senior to those associated with our common stock and could contain covenants that would restrict our operations. Additional financing may not be available at all, or in amounts or on terms acceptable to us. If we are unable to obtain this additional financing, we may be required to reduce the scope of our planned product development and marketing efforts.

Contractual Obligations and Commitments

The following table is a summary of our non-cancelable contractual cash obligations, net of sublease income as of June 30, 2010:

		Payments due by period			
	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
	(in thousands)				
Operating leases	$ 13,052	$ 3,590	$ 7,524	$ 1,939	$ —
Sublease income	$ (57)	$ (57)	$ —	$ —	$ —
Total	$ 12,995	$ 3,533	$ 7,524	$ 1,939	$ —

Off Balance Sheet Arrangements

We do not have any off balance sheet arrangements.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as revenue and expenses during the reporting periods. We evaluate our estimates and judgments on an ongoing basis. We base our estimates on historical experience and on various other factors we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could therefore differ materially from those estimates under different assumptions or conditions.

Note 2, "*Summary of Significant Accounting Policies,*" in Notes to the Consolidated Financial Statements, which is included in Item 8. Financial Statements and Supplementary Data, describes our significant accounting policies and methods used in the preparation of our Consolidated Financial Statements. The methods, estimates and judgments that we use in applying our accounting policies

require us to make difficult and subjective judgments, often as a result of the need to make estimates regarding matters that are inherently uncertain. Our most critical accounting estimates include:

- The valuation of revenue and allowance for sales returns and doubtful accounts, which impacts revenue;
- The valuation of inventory, which impacts gross margins;
- The estimation and calculation of certain tax liabilities and in the determination of the recoverability of certain deferred tax assets; and
- The valuation and recognition of stock-based compensation, which impacts gross margin and operating expenses.

Item 7A. QUANTITATIVE & QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We do not utilize derivative financial instruments, derivative commodity instruments or other market risk sensitive instruments, positions or transactions.

Foreign Currency Exchange Rate Risk

For the year ended June 30, 2010, a number of our sales contracts were denominated in a foreign currency. Based on our exposure as of June 30, 2010, a 10% movement in currency rates would result in a gain or loss of $4.3 million. Future fluctuations in the value of the U.S. dollar may affect the price competitiveness of our products outside the United States. For direct sales outside the United States, it is likely we will sell in the local currency, which could expose us to additional foreign currency risks, including changes in currency exchange rates. Some of our commissions related to sales of the CyberKnife system are payable in Euros. To the extent that management can predict the timing of payments under these or contracts we enter into that are denominated in foreign currencies, we may engage in hedging transactions to mitigate such risks in the future.

Interest Rate Risk

At June 30, 2010, we had $45.4 million of cash and cash equivalents and $99.9 million invested in other financial instruments. Our earnings are affected by changes in interest rates due to the impact those changes have on interest income generated from our cash and investment balances. We believe that while the instruments we hold are subject to changes in the financial standing of the issuer of such securities, and except as described below, we are not subject to any material risks arising from changes in interest rates, foreign currency exchange rates, commodity prices, equity prices or other market changes that affect market risk sensitive instruments. However, should interest rates increase, the market value of our investments may decline, which could result in a realized loss if we are forced to sell before their scheduled maturity. If overall interest rates had risen by 100 basis points, the fair value of our net investment position at June 30, 2010 would have decreased by approximately $0.5 million, assuming consistent levels.

Credit Risk

Our previously held auction rate securities, or ARS, have been sold as of June 30, 2010 as part of our exercise of our put option. Exercise of this put option has also eliminated the secured line of credit with UBS. We received $9.9 million on July 1, 2010 as a result of the sale of the ARS. This $9.9 million was in-transit as of June 30, 2010 and therefore was reflected as a short-term receivable (not as cash or short-term available-for-sale securities) within other current assets on our consolidated balance sheet as of June 30, 2010.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

ACCURAY INCORPORATED

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Accuray Incorporated

We have audited the accompanying consolidated balance sheets of Accuray Incorporated and subsidiaries (collectively, "the Company") as of June 30, 2010 and 2009, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended June 30, 2010. Our audits of the basic financial statements included the financial statement schedule listed in the index appearing under Item 15(a)(2). These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Accuray Incorporated and subsidiaries as of June 30, 2010 and 2009, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2010 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Accuray Incorporated's internal control over financial reporting as of June 30, 2010, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated August 31, 2010 expressed an unqualified opinion thereon.

/s/ GRANT THORNTON LLP
San Francisco, California
August 31, 2010

Accuray Incorporated

Consolidated Balance Sheets

(in thousands, except share and per share amounts)

	June 30,	
	2010	2009
Assets		
Current assets:		
Cash and cash equivalents	$ 45,434	$ 36,835
Restricted cash	22	527
Short-term available-for-sale securities	99,881	64,634
Accounts receivable, net of allowance for doubtful accounts of $115 and $484 at June 30, 2010 and 2009, respectively	37,955	36,427
Inventories	28,186	28,909
Prepaid expenses and other current assets	19,356	6,186
Deferred cost of revenue—current	7,889	18,984
Total current assets	238,723	192,502
Long-term available-for-sale securities	—	35,245
Long-term trading securities	—	22,007
Deferred cost of revenue—noncurrent	3,213	2,933
Property and equipment, net	14,684	15,066
Goodwill	4,495	4,495
Intangible assets, net	388	668
Other assets	1,681	1,470
Total assets	$ 263,184	$ 274,386
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 10,317	$ 14,941
Accrued compensation	10,786	10,119
Other accrued liabilities	10,669	6,069
Customer advances—current	12,884	13,185
Deferred revenue—current	42,019	68,105
Total current liabilities	86,675	112,419
Long-term liabilities:		
Long-term other liabilities	1,059	288
Deferred revenue—noncurrent	5,374	7,777
Total liabilities	93,108	120,484
Commitments and contingencies		
Stockholders' equity		
Preferred stock, $0.001 par value; authorized: 5,000,000 shares; no shares issued and outstanding	—	—
Common stock, $0.001 par value; authorized: 100,000,000 shares; issued: 60,666,974 and 58,783,159 shares at June 30, 2010 and 2009, respectively; outstanding: 58,526,956 and 56,643,529 shares at June 30, 2010 and 2009, respectively	59	57
Additional paid-in capital	287,764	273,946
Accumulated other comprehensive income (loss)	(71)	416
Accumulated deficit	(117,676)	(120,517)

Total stockholders' equity	170,076	153,902
Total liabilities and stockholders' equity	$ 263,184	$ 274,386
Assets and liabilities include related party transaction amounts as follows:		
Accounts receivable	$ —	$ 9
Deferred revenue—current	$ —	$ 209

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

Accuray Incorporated

Consolidated Statements of Operations

(in thousands, except per share amounts)

	Years Ended June 30,		
	2010	2009	2008
Net revenue:			
Products	$141,297	$159,257	$152,374
Shared ownership programs	1,890	3,651	10,262
Services	77,504	66,344	38,808
Other	934	4,346	8,937
Total net revenue	221,625	233,598	210,381
Cost of revenue:			
Cost of products	65,197	68,904	67,183
Cost of shared ownership programs	1,019	775	2,517
Cost of services	50,732	44,591	26,865
Cost of other	659	4,038	6,864
Total cost of revenue	117,607	118,308	103,429
Gross profit	104,018	115,290	106,952
Operating expenses:			
Selling and marketing	34,187	45,493	42,726
Research and development	31,523	35,992	32,880
General and administrative	35,472	36,223	32,280
Total operating expenses	101,182	117,708	107,886
Income (Loss) from operations	2,836	(2,418)	(934)
Other income, net	1	3,082	7,184
Income before provision for income taxes	2,837	664	6,250
Provision (Benefit) for income taxes	(4)	55	867
Net income	$ 2,841	$ 609	$ 5,383
Net income per share:			
Basic net income per share	0.05	0.01	0.10
Diluted net income per share	0.05	0.01	0.09
Weighted average common shares outstanding used in computing net income per share:			
Basic	57,560	55,413	54,531
Diluted	60,191	58,729	60,434
Cost of revenue, selling and marketing, research and development, and general and administrative expenses include stock-based compensation charges as follows:			
Cost of revenue	$ 1,721	$ 2,285	$ 1,858
Selling and marketing	$ 1,433	$ 3,441	$ 4,197
Research and development	$ 2,850	$ 3,190	$ 3,059
General and administrative	$ 4,642	$ 6,545	$ 7,785
Revenue and cost of revenue include related party transaction amounts as follows:			
Net revenue:			
Products	$ —	$ 618	$ —

Services	$ —	$ 968	$ 1,182
Other	$ —	$ —	$ 787
Cost of revenue:			
Cost of products	$ —	$ 31	$ 59
Cost of services	$ —	$ 608	$ 22
Cost of other	$ —	$ —	$ 528

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

Accuray Incorporated

Consolidated Statement of Stockholders' Equity

(in thousands, except share Amounts)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balances at June 30, 2007	53,798,643	$ 53	$251,637	$ 10	$ (126,257)	$ 125,443
Exercise of stock options, net	2,564,269	3	4,352	—	—	4,355
Issuance of common stock under employee stock purchase plan	265,349	1	2,957	—	—	2,958
Issuance of restricted stock	91,603	—	—	—	—	—
Stock-based compensation	—	—	17,274	—	—	17,274
Stock repurchased for cash	(2,140,018)	(2)	(23,979)	—	—	(23,981)
Compensation expense related to options issued to non-employees	—	—	114	—	—	114
Income tax benefits from employee stock plans	—	—	546	—	—	546
Adjustments to initially apply FIN 48	—	—	—	—	(252)	(252)
Net income	—	—	—	—	5,383	5,383
Cumulative translation adjustment	—	—	—	(49)	—	(49)
Unrealized loss on investments, net	—	—	—	(1,028)	—	(1,028)
Total comprehensive income						4,306
Balances at June 30, 2008	54,579,846	55	252,901	(1,067)	(121,126)	130,763
Exercise of stock						

options, net	1,450,120	2	4,106	—	—	4,108
Issuance of common stock under employee stock purchase plan	437,005	—	1,667	—	—	1,667
Issuance of restricted stock	176,558	—		—	—	—
Stock-based compensation	—	—	15,403	—	—	15,403
Income tax charges from employee stock plans	—	—	(131)	—	—	(131)
Net income	—	—	—	—	609	609
Cumulative translation adjustment	—	—	—	(14)	—	(14)
Unrealized gain on investments, net	—	—	—	1,497	—	1,497
Total comprehensive income						2,092
Balances at June 30, 2009	56,643,529	57	273,946	416	(120,517)	153,902
Exercise of stock options, net	1,313,749	2	2,028	—	—	2,030
Issuance of common stock under employee stock purchase plan	399,283	—	1,807	—	—	1,807
Issuance of restricted stock	170,395	—	—	—	—	—
Stock-based compensation	—	—	10,397	—	—	10,397
Income tax charges from employee stock plans	—	—	(414)	—	—	(414)
Net income	—	—	—	—	2,841	2,841
Cumulative translation adjustment	—	—	—	(57)	—	(57)
Unrealized loss on investments, net	—	—	—	(430)	—	(430)
Total comprehensive income						2,354
Balances at						

June 30, 2010	58,526,956	$ 59	$287,764	$ (71)	$ (117,676)	$ 170,076

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

Accuray Incorporated

Consolidated Statements of Cash Flows

(in thousands)

	Years Ended June 30,		
	2010	2009	2008
Cash Flows From Operating Activities			
Net income	$ 2,841	$ 609	$ 5,383
Adjustments to reconcile net income to net cash used in operating activities:			
Depreciation and amortization	7,122	6,651	7,688
Stock-based compensation	10,646	15,461	16,899
Tax benefit (charge) from stock based compensation	(414)	(131)	546
Excess tax benefit from stock-based compensation	—	—	(419)
Realized gain on investments	316	(30)	(9)
Unrealized loss on long-term trading securities, net of gain on put option	(251)	393	—
Provision for bad debts	(380)	496	30
Loss on write-down of inventories	626	2,730	760
Loss on disposal of property and equipment	195	342	188
Restricted cash	438	4,303	(4,830)
Changes in assets and liabilities:			
Accounts receivable	(2,448)	(2,817)	(23,920)
Inventories	244	(9,679)	(10,427)
Prepaid expenses and other current assets	(4,230)	26	1,233
Deferred cost of revenue	8,980	22,010	26,208
Other assets	(228)	(113)	45
Accounts payable	(5,364)	1,833	(1,180)
Accrued liabilities	4,382	4,921	(5,309)
Customer advances	20	(12,216)	4,283
Deferred revenue	(27,568)	(38,532)	(39,988)
Net cash used in operating activities	(5,073)	(3,743)	(22,819)
Cash Flows From Investing Activities			
Purchases of property and equipment	(5,130)	(4,232)	(5,030)
Purchase of investments	(111,429)	(155,934)	(177,651)
Sale and maturity of investments	127,086	157,732	54,089
Net cash provided by (used in) investing activities	10,527	(2,434)	(128,592)
Cash Flows From Financing Activities			
Unrealized gain/loss			
Proceeds from issuance of common stock	2,030	4,108	4,355
Proceeds from employee stock purchase plan	1,807	1,667	2,958
Stock repurchases	—	—	(23,981)
Excess tax benefit from stock-based compensation	—	—	419
Net cash provided by (used in) financing activities	3,837	5,775	(16,249)
Effect of exchange rate changes on cash	(692)	301	(234)
Net increase (decrease) in cash and cash equivalents	8,599	(101)	(167,894)
Cash and cash equivalents at beginning of period	36,835	36,936	204,830
Cash and cash equivalents at end of period	$ 45,434	$ 36,835	$ 36,936
Supplemental Disclosure of Cash Flow Information			
Cash paid for interest	$ —	$ —	$ 223

Income taxes paid (refunds received)	$ (60)	$ 194	$ 1,264
Non-cash Operating Activities			
Cash flows include related party transaction amounts as follows:			
Accounts receivable	$ —	$ (9)	$ —
Deferred cost of revenue	$ —	$ 11	$ 7,082
Customer advances	$ —	$ —	$ (5,251)
Deferred revenue	$ —	$ (22)	$ (14,875)

The accompanying notes are an integral part of these consolidated financial statements.

Accuray Incorporated

Notes to Consolidated Financial Statements

1. Description of Business

Organization

Accuray Incorporated (the "Company") was incorporated in California in December 1990 and commenced operations in January 1992. The Company was reincorporated in Delaware in February 2007 prior to the completion of its initial public offering ("IPO"). The Company designs, develops and sells the CyberKnife system, an image-guided robotic radiosurgery system used for the treatment of solid tumors anywhere in the body.

The Company has formed thirteen wholly-owned subsidiaries: Accuray International SARL, located in Geneva, Switzerland, Accuray Europe SAS, located in Paris, France, Accuray UK Ltd, located in London, United Kingdom, Accuray Asia Limited, located in Hong Kong, SAR, Accuray Japan KK, located in Tokyo, Japan, Accuray Spain, S.L.U., located in Madrid, Spain, Accuray Medical Equipment (India) Private Ltd., located in New Delhi, India, Accuray Medical Equipment (SEA) Private Limited, located in Singapore, Accuray Medical Equipment (Rus) LLC, located in Moscow, Russia, Accuray Medical Equipment GmbH, located in Munich, Germany, Accuray Tibbi Cihazlar Ve Malzemeler Ithalat Ihracat Anonim Sirketi, located in Istanbul, Turkey, Accuray Mexico SA de CV located in Mexico City, Mexico and Accuray Medical Equipment Canada Ltd. located in Vancouver, Canada. The purpose of these subsidiaries is to market and/or service the Company's products in the various countries in which they are located.

2. Summary of Significant Accounting Policies

Fiscal Year

For fiscal years 2009 and 2008, the Company's fiscal year ends on the Saturday closest to June 30 th, so that in a 52 week period, each fiscal quarter consists of 13 weeks. The additional week in a 53-week year was added to the fourth quarter, making such quarter consist of 14 weeks. Fiscal years 2009 and 2008 were each comprised of 52 weeks. For ease of presentation purposes, the consolidated financial statements and notes refer to June 30 as the Company's fiscal year end. Beginning with the fiscal year ended June 30, 2010 ("fiscal 2010"), the Company changed its fiscal year end from the Saturday closest to June 30, to June 30.

Basis of Presentation and Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries and the Company's variable interest entity, Morphormics, Inc. ("Morphormics"). All significant inter-company transactions and balances have been eliminated in consolidation.

Reclassifications

Certain amounts reported in previous periods have been reclassified to conform to the current period presentation. The reclassifications did not affect previously reported revenues, total operating expense, operating income, net income, or stockholders' equity.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures at the date of the financial statements. Key estimates and assumptions made by the

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Company relate to stock-based compensation, valuation allowances for deferred tax assets, estimate of allowance for doubtful accounts, valuation of excess and obsolete inventories, impairment of long-lived assets and goodwill, deferred revenue and deferred cost of revenue and estimates of the fair value of certain investments. Actual results could differ materially from those estimates.

Foreign Currency

The Company's international subsidiaries use their local currencies as their functional currencies. For those subsidiaries, assets and liabilities are translated at exchange rates in effect at the balance sheet date and income and expense accounts at the previous months ending exchange rate. Resulting translation adjustments are excluded from the determination of net income and are recorded in accumulated other comprehensive income (loss) as a separate component of stockholders' equity. Net foreign currency exchange transaction gains or losses are included as a component of other income, net, in the Company's consolidated statements of operations.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less on the date of purchase to be cash equivalents. Cash equivalents consist of amounts invested in highly liquid investment accounts and money market accounts and amounted to $1.8 million and $19.5 million at June 30, 2010 and 2009, respectively. Cash and cash equivalent balances denominated in a foreign currency amounted to $20.7 million and $3.4 million at June 30, 2010 and 2009, respectively.

Restricted Cash

Restricted cash has historically included amounts deposited as collateral per the terms of contracts with customers requiring that deposited cash amounts be secured via letters of credit until delivery of the CyberKnife unit occurs. The current year restricted cash balance represents funds held to guarantee funding of certain foreign taxes. Restricted cash amounts were $22,000 and $527,000 at June 30, 2010 and 2009, respectively.

Marketable Securities

The Company's available-for-sale securities on the consolidated balance sheets include commercial paper, corporate debt and debt issued by U.S. government sponsored enterprises. All marketable securities designated as available-for-sale are reported at estimated fair value, with unrealized gains and losses recorded in stockholders' equity and included in accumulated other comprehensive income. Realized gains and losses on the sale of available-for-sale marketable securities are recorded in other income, net. The cost of available-for-sale marketable securities sold is based on the specific identification method. Available-for-sale marketable securities with original maturities greater than approximately three months and remaining maturities of one year or less are classified as short-term available-for-sale marketable securities. Available-for-sale marketable securities with remaining maturities of greater than one year are classified as long-term available-for-sale marketable securities. The Company has the ability and the intent to hold these securities for a period of time sufficient to allow for any anticipated recovery in market value.

The Company's trading securities on the consolidated balance sheet for fiscal year 2009 consisted of (i) auction-rate securities ("ARS") that are secured by pools of student loans guaranteed by state

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

regulated higher education agencies and reinsured by the U.S. Department of Education and (ii) a put option held in respect to these ARS (see Note 4). Changes in the fair value of the Company's trading securities are reported in other income, net.

Other-than-Temporary Impairment Assessment

The Company regularly reviews all of its investments for other-than-temporary declines in fair value. The review includes but is not limited to (i) the consideration of the cause of the impairment, (ii) the creditworthiness of the security issuers, (iii) the length of time a security is in an unrealized loss position, and (iv) the Company's positive intent and ability to hold the security for a period of time sufficient to allow for any anticipated recovery in fair value.

Fair Value of Financial Instruments

The carrying values of the Company's financial instruments including cash and cash equivalents, marketable securities, restricted cash, accounts receivable and accounts payable are approximately equal to their respective fair values due to the relatively short-term nature of these instruments.

Concentration of Credit Risk and Other Risks and Uncertainties

There were no customers that represented more than 10% of revenue for the years ended June 30, 2010, 2009 and 2008. The following summarizes the accounts receivable from customers in excess of 10% of total accounts receivable:

	As of June 30,	
	2010	2009
Customer A	—	10%
Customer B	—	11%

Accounts receivable are typically not collateralized. The Company performs ongoing credit evaluations of its customers and maintains reserves for potential credit losses. Accounts receivable are deemed past due in accordance with the contractual terms of the agreement. Accounts are charged against the allowance for doubtful accounts once collection efforts are unsuccessful. Historically, such losses have been within management's expectations.

The Company's cash and cash equivalents are mainly deposited with two major financial institutions. At times, deposits in these institutions exceed the amount of insurance provided on such deposits. The Company has not experienced any losses in such accounts and believes that it is not exposed to any significant risk on these balances.

Single source suppliers presently provide the Company with several components. In most cases, if a supplier were unable to deliver these components, the Company believes that it would be able to find other sources for these components subject to any regulatory qualifications, if required.

Inventories

Inventories are stated at the lower of cost (on a first-in, first-out basis) or market value. Excess and obsolete inventories are written down based on historical sales and forecasted demand, as judged

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

by management. The Company determines inventory and product costs, which include allocated production overheads, through use of standard costs.

Revenue Recognition

The Company earns revenue from the sale of products, the operation of its shared ownership program, and the provision of related services, which include installation services, post-contract customer support ("PCS"), and training. The Company records its revenues net of any value added or sales tax. From time to time, the Company introduces customers to third party financing organizations. No amounts received from these third party financing organizations are at risk.

The Company recognizes product revenues for sales of the CyberKnife system, optional upgrades, components and replacement parts and accessories when there is persuasive evidence of an arrangement, the fee is fixed or determinable, collection of the fee is probable and delivery has occurred. Payments received in advance of product shipment are recorded as customer advances and are recognized as revenue or deferred revenue upon product shipment or installation.

For arrangements with multiple elements, the Company allocates arrangement consideration to each element based upon vendor specific objective evidence ("VSOE") of fair value of the respective elements. VSOE of fair value for each element is based upon the Company's standard rates charged for the product or service when such product or service is sold separately or based upon the price established by management having the relevant authority when that product or service is not yet being sold separately. When contracts contain multiple elements, and VSOE of fair value exists for all undelivered elements, the Company accounts for the delivered elements, principally the CyberKnife system and optional product upgrades, based upon the residual method. If VSOE of fair value does not exist for all the undelivered elements, all revenue is deferred until the earlier of: (1) delivery of all elements, or (2) establishment of VSOE of fair value for all remaining undelivered elements.

The Company assesses the probability of collection based on a number of factors, including past transaction history with the customer and the credit-worthiness of the customer. The Company generally does not request collateral from its customers. If the Company determines that collection of a fee is not probable, the Company will defer the fee and recognize revenue upon receipt of cash.

The Company's agreements with customers and distributors generally do not contain product return rights.

CyberKnife sales with legacy service plans

For sales of CyberKnife systems with PCS arrangements that include specified or committed upgrades for which the Company has not established VSOE of fair value, all revenue is deferred. Once all such upgrade obligations have been delivered, all accumulated and deferred revenue is recognized ratably over the remaining life of the PCS arrangement.

Sales of additional upgrades as optional extras prior to the delivery of all originally specified upgrade obligations are considered additional elements of the original arrangement and associated revenues are deferred and accounted for as described above. Sales of additional upgrades after delivery of all specified upgrade obligations, as stated in the original contract, are recognized once all revenue recognition criteria applicable to those arrangements are met.

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

CyberKnife sales with non-legacy service plans

The Company sells CyberKnife systems with PCS contracts that only provide for upgrades when and if they become available. The Company has established VSOE of the fair value of PCS in these circumstances. For arrangements with multiple elements that include the CyberKnife system, installation services, training services and a PCS service agreement, the Company recognizes the CyberKnife system and installation services revenue following installation, if the Company is responsible for providing installation, or delivery, and acceptance of the system by application of the residual method when VSOE of fair value exists for all undelivered elements in the arrangement, including PCS.

Other revenue

Other revenue primarily consists of revenue earned on research and development contracts as well the sale of specialized services specifically contracted to provide current technology capabilities for units previously sold through a distributor into the Japan market. Some upgrade sales include elements where VSOE of fair value has not been established for the PCS. As a result, for these sales, associated revenues are deferred and recognized ratably over the term of the PCS arrangement, generally four years.

PCS and maintenance services

Service revenue for providing PCS, which includes warranty services, extended warranty services, unspecified when and if available product upgrades and technical support is deferred and recognized ratably over the service period, generally one year, until no further obligation exists. At the time of sale, the Company provides for the estimated incremental costs of meeting product warranty if the incremental warranty costs are expected to exceed the related service revenues. Training and consulting service revenues that are not deemed essential to the functionality of the CyberKnife system are recognized as such services are performed.

Costs associated with providing PCS and maintenance services are expensed when incurred, except when those costs are related to units where revenue recognition has been deferred. In those cases, the costs are deferred and are recognized over the period of revenue recognition.

Distributor sales

Sales to third party distributors are evidenced by a distribution agreement governing the relationship together with binding purchase orders or signed quotations on a transaction-by-transaction basis. The Company records revenues from sales of CyberKnife systems to distributors based on a sell-through method where revenue is only recognized upon sell-through of the product to the end user customer and once all other revenue recognition criteria are met including completion of all obligations under the terms of the purchase order or signed quotation. For sales of product upgrades and accessories to distributors, revenue is recognized on either a sell-through or sell-in basis, depending upon the terms of the purchase order or signed quotation and once all revenue recognition criteria are met. These criteria require that persuasive evidence of an arrangement exists, the fees are fixed or determinable, collection of the resulting receivable is probable and there is no right of return.

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Shared ownership program

The Company also enters into arrangements under its shared ownership program with certain customers. Agreements under the shared ownership program typically have a term of five years, during which the customer has the option to purchase the system, either at the end of the contractual period or in advance, at the customer's request, at pre-determined prices. Under the terms of such program, the Company retains title to its CyberKnife system, while the customer has use of the product. The Company generally receives a minimum monthly payment and earns additional revenues from the customer based upon its use of the product. The Company may provide unspecified upgrades to the product during the term of each program when and if available. Upfront payments from the customer are deferred and recognized as revenue over the contractual period. Revenues from the shared ownership program are recorded as they become earned and receivable and are included within shared ownership program revenues in the consolidated statements of operations.

Future minimum revenues under the shared ownership arrangements as of June 30, 2010 are as follows (in thousands):

Year Ending June 30	
2011	756,000
2012	756,000
2013	696,000
2014 and thereafter	1,032,000
Total	$ 3,240,000

Total usage-based fee revenues included in shared ownership program revenue amounted to $1.6 million, $3.2 million and $8.1 million for the years ended June 30, 2010, 2009, and 2008, respectively.

Under the terms of the shared ownership program, the customer has the option to purchase the CyberKnife system at pre-determined prices based on the period the system has been in use and considering the lease payments already received. Revenue from such sales is recorded in accordance with the Company's revenue recognition policy, taking into account the PCS and any other elements that might be sold as part of the arrangement. At June 30, 2010, the Company had three systems installed under its shared ownership program. During the years ended June 30, 2010, 2009 and 2008, nil, $3.2 million and $23.7 million, respectively, of revenue was recognized in the consolidated statements of operations for the sale of nil, two and twelve CyberKnife systems, respectively, that were formerly under the shared ownership program. At June 30, 2010 and 2009, nil and $747,000, respectively, of amounts for extended warranty and training services related to these sold shared ownership units remained recorded as deferred revenue, and will be recognized over the life of the extended warranty service period and as training service obligations are fulfilled.

The CyberKnife systems associated with the Company's shared ownership program are recorded within property and equipment. Effective April 1, 2009, the estimated useful life of the Company's placement units was reduced from ten to seven years due to a change in estimated useful life. Depreciation and warranty expenses attributable to the CyberKnife shared ownership systems are recorded within cost of shared ownership program.

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Long-term manufacturing contracts

The Company recognizes revenue and cost of revenue related to long-term manufacturing contracts using contract accounting on the percentage-of-completion method. During the years ended June 30, 2010, 2009, and 2008, contract revenue of $120,000, $2.4 million and $1.0 million, respectively, was recorded with related costs of $131,000, $2.4 million and $943,000, respectively. The Company recognizes any loss provisions from the total contract in the period such loss is identified. During the years ended June 30, 2010 and 2009, estimated loss provisions of $11,000 and $97,000, respectively, were recorded. No loss provision was recognized during the year ended June 30, 2008. As of June 30, 2010 and 2009, no costs were recorded in deferred cost of revenue related to long-term manufacturing contracts.

Deferred Revenue and Deferred Cost of Revenue

Deferred revenue consists of deferred product revenue, deferred shared ownership program revenue, deferred service revenue and deferred other revenue. Deferred product revenue arises from timing differences between the shipment of product and satisfaction of all revenue recognition criteria consistent with the Company's revenue recognition policy. Deferred shared ownership program revenue results from the receipt of advance payments that will be recognized ratably over the term of the shared ownership program. Deferred service revenue results from the advance payment for services to be delivered over a period of time, usually one year. Service revenue is recognized ratably over the service period. Deferred other revenue results primarily from the Japan upgrade services programs and is due to timing differences between the receipt of cash payments for those upgrades and final delivery to the end user customer. Deferred cost of revenue consists of the direct costs associated with the manufacturing of units, direct service costs for which the revenue has been deferred in accordance with the Company's revenue recognition policies, and deferred costs associated with the Japan upgrade services. Deferred revenue, and associated deferred cost of revenue, expected to be realized within one year are classified as current liabilities and current assets, respectively.

Customer Advances

Customer advances represent payments made by customers in advance of product shipment.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation and amortization. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are depreciated on a straight-line basis over the remaining term of the lease or the estimated useful life of the asset, whichever is shorter. Machinery and equipment are depreciated over five years. Furniture and fixtures are depreciated over four years. Computer and office equipment are depreciated over three years. Repairs and maintenance costs, which are not considered improvements and do not extend the useful life of the property and equipment, are expensed as incurred.

Impairment of Long-Lived Assets

The Company reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Impairment, if any, is measured as the amount by which the carrying

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

value of a long-lived asset exceeds its fair value. Through June 30, 2010, there have been no such impairment losses.

Goodwill and Purchased Intangible Assets

Goodwill represents the excess of acquisition cost over the fair value of tangible and identified intangible net assets of businesses acquired. Goodwill is not amortized, but is tested for impairment on an annual basis whenever events and changes in circumstances suggest that the carrying amount may not be recoverable, and written down when impaired. In the first step of the analysis, the Company's assets and liabilities, including existing goodwill and other intangible assets, are assigned to the identified reporting units to determine the carrying value of the reporting units. Based on how the business is managed, the Company has only one reporting unit. If the carrying value of the reporting unit is in excess of its fair value, an impairment may exist, and the Company must perform the second step of the analysis, in which the implied fair value of the goodwill is compared to its carrying value to determine the impairment charge, if any.

The fair value of the reporting unit is determined using the market approach. Under the market approach, the Company estimates the fair value the each reporting unit based on the Company's closing stock price on the trading day closest to the annual review date multiplied by the outstanding shares on that date. If the estimated fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is not impaired and no further analysis is required. Through June 30, 2010, there have been no such impairment losses. Purchased intangible assets other than goodwill, including purchased completed technology and customer contracts, are amortized on a straight-line basis over their estimated useful lives unless their lives are determined to be indefinite. Purchased intangible assets are carried at cost, less accumulated amortization. Amortization is computed over the estimated useful lives of the respective assets which is typically seven years. Goodwill is tested for impairment on an annual basis and whenever events and changes in circumstances suggest that the carrying amount may not be recoverable, written down accordingly. To date, no such events have occurred and the Company has not recorded any impairment charges.

Shipping and Handling

The Company's billings for shipping and handling for product shipments to customers are included in cost of products. Shipping and handling costs incurred for inventory purchases are also included in cost of products.

Software Development Costs

Software development costs relating to assets to be sold in the normal course of business are included in research and development and are expensed as incurred. After technological feasibility is established, material software development costs are capitalized. The capitalized cost is then amortized on a straight-line basis over the estimated product life, or on the ratio of current revenues to total projected product revenue, whichever is greater. To date, the period between achieving technological feasibility, which the Company has defined as the establishment of a working model which typically occurs when the beta testing commences, and the general availability of such software has been short and software development costs qualifying for capitalization have been insignificant.

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

We have capitalized software development costs relating to internal use software as identified and discussed below at "Note 5. Balance Sheet Components."

Advertising Expenses

The Company expenses the costs of advertising and promoting its products and services as incurred. Advertising expenses were approximately $0.4 million, $1.8 million and $1.0 million for the years ended June 30, 2010, 2009 and 2008, respectively.

Research and Development Costs

Costs related to research, design and development of products are charged to research and development expense as incurred. These costs include direct salaries, benefits, and other headcount related costs for research and development personnel; costs for materials used in research and development activities; costs for outside services and allocated portions of facilities and other corporate costs. The Company has entered into research and clinical study arrangements with selected hospitals, cancer treatment centers, academic institutions and research institutions worldwide. These agreements support the Company's internal research and development capabilities. The Company has also entered into an Agreement with Siemens for research and development work. Payments earned and received from Siemens will be recorded as contra research and development costs. Refer also to "Note 3. Collaboration Agreement."

Stock-Based Compensation

The Company accounts for stock-based compensation by measuring and recognizing the fair value of all stock-based payment awards made to employees based on the estimated grant date fair values, including employee stock options, restricted stock awards and the employee stock based purchase plan. The determination of fair value involves a number of significant estimates. The Company uses the Black-Scholes option pricing model to estimate the value of employee stock options which requires a number of assumptions to determine the model inputs. These include the expected volatility of stock, the expected term of the stock-based payment, the expected risk free rate of interest and dividend yields. As stock-based compensation expense is based on awards ultimately expected to vest it has been reduced for estimated forfeitures. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. As the Company has been operating as a public company for a period of time that is shorter than its estimated expected option life, the Company concluded that its historical price volatility does not provide a reasonable basis for input assumptions within its Black-Scholes valuation model when determining the fair value of its stock options. As a result, the Company continues to use the "simplified" method as described under ASC 718. Expected volatility was based on the historical volatility of a peer group of publicly traded companies. Management's estimate of forfeitures is based on historical experience but actual forfeitures could differ materially as a result of voluntary employee actions which could result in a significant change in future stock-based compensation expense. See "Note 9. Stockholder's Equity" for additional information.

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Net Income Per Common Share

Basic net income per share is computed by dividing net income by the weighted-average number of common shares outstanding during the period. Diluted net income per share is computed by dividing net income by the weighted-average number of common shares outstanding and other dilutive common shares outstanding during the period. The potential dilutive shares of the Company's common stock resulting from the assumed exercise of outstanding stock options, vesting of restricted stock awards and ESPP shares to be purchased are determined under the treasury stock method.

The number of anti-dilutive shares excluded from the calculation of diluted net income per share was as follows:

	Years Ended June 30,		
	2010	2009	2008
Options to purchase common stock	4,056,934	3,504,979	1,993,964
Restricted stock units	259,789	552,120	669,449
	4,316,723	4,057,099	2,663,413

The following table sets forth the basic and diluted per share computations:

	Years Ended June 30,		
	2010	2009	2008
Numerator:			
Net income (in thousands)	$ 2,841	$ 609	$ 5,383
Denominator:			
Basic weighted-average shares outstanding	57,560,219	55,413,025	54,530,650
Stock options and restricted stock units	2,630,448	3,315,730	5,903,613
Diluted weighted-average shares of common stock outstanding	60,190,667	58,728,755	60,434,263
Basic net income per share:	$ 0.05	$ 0.01	$ 0.10
Diluted net income per share:	$ 0.05	$ 0.01	$ 0.09

Income Taxes

The Company is required to estimate its income taxes in each of the tax jurisdictions in which it operates prior to the completion and filing of tax returns for such periods. This process involves estimating actual current tax expense together with assessing temporary differences in the treatment of items for tax purposes versus financial accounting purposes that may create net deferred tax assets and liabilities. The Company accounts for income taxes under the asset and liability method, which requires, among other things, that deferred income taxes be provided for temporary differences between the tax bases of the Company's assets and liabilities and their financial statement reported amounts. In addition, deferred tax assets are recorded for the future benefit of utilizing net operating losses, research and development credit carryforwards and temporary differences.

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

The Company records a valuation allowance to reduce its deferred tax assets to the amount the Company believes is more likely than not to be realized. Because of the uncertainty of the realization of the deferred tax assets, the Company has recorded a full valuation allowance against its domestic net deferred tax assets.

The calculation of unrecognized tax benefits involves dealing with uncertainties in the application of complex global tax regulations. Management regularly assesses the Company's tax positions in light of legislative, bilateral tax treaty, regulatory and judicial developments in the countries in which the Company does business. Management does not believe there will be any material changes in the unrecognized tax benefits within the next 12 months.

Comprehensive Income

Comprehensive income is comprised of net income and other comprehensive income. Other comprehensive income consists of foreign currency translation adjustments and unrealized gains and losses on investments that have been excluded from the determination of net income. The Company has reported the components of comprehensive income for the years ended June 30, 2010, 2009 and 2008 in its consolidated statements of stockholders' equity.

Segment Information

The Company has determined that it operates in only one segment as it only reports profit and loss information on an aggregate basis to its chief operating decision maker. The Company's long-lived assets maintained outside the United States are not material.

Revenue by geographic region is based on the shipping addresses of the Company's customers. The following summarizes revenue by geographic region (in thousands):

	Years Ended June 30,		
	2010	2009	2008
United States (including Puerto Rico)	$ 147,381	$ 171,563	$ 142,557
Europe	58,049	30,874	10,138
Asia (excluding Japan)	5,608	19,848	40,770
Japan	10,587	11,313	16,916
Total	$ 221,625	$ 233,598	$ 210,381

Recent Accounting Pronouncements

The Company's management has reviewed recent accounting pronouncements issued through the date of the issuance of financial statements. In management's opinion, except for those pronouncements detailed below, no other pronouncements apply or will have a material effect on the Company's consolidated financial statements.

In April, 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2010-17, *Revenue Recognition (Topic 605)—Milestone Method of Revenue Recognition—a consensus of the FASB Emerging Issues Task Force*. ASU No. 2010-17 provides guidance on defining a milestone and determining when it may be appropriate to apply the milestone method of

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

revenue recognition for research or development transactions. This ASU is effective for interim and annual reporting periods beginning after June 15, 2010. The adoption of ASU No. 2010-17 is not expected to have a material impact on the Company's consolidated financial statements.

In February 2010, the FASB issued ASU No. 2010-09, *Amendments to Certain Recognition and Disclosure Requirements*. ASU No. 2010-09 amends FASB Accounting Standards Codification ("ASC") 855 and removes the requirement to disclose the date through which management evaluated subsequent events in the financial statements. This ASU is effective immediately for all financial statements that have not been issued or have not yet become available to be issued. The adoption of ASU No. 2010-09 did not have a material impact on the Company's consolidated financial statements.

In January 2010, the FASB issued ASU No. 2010-06, *Improving Disclosures about Fair Value Measurements.* ASU No. 2010-06 amends FASB ASC 820 and clarifies and provides additional disclosure requirements related to recurring and non-recurring fair value measurements and employers' disclosures about postretirement benefit plan assets. The new disclosures and clarifications under this ASU are effective over a period of two fiscal years, for interim and annual reporting periods beginning after December 15, 2009 and after December 15, 2010. The first adoption date updates under ASU No. 2010-06 did not have a material impact on the Company's consolidated financial statements. The adoption of the second date of updates is not expected to have a material impact on the Company's consolidated financial statements.

In October 2009, the FASB issued ASU No. 2009-13, *Multiple-Deliverable Revenue Arrangements,* (amendments to ASC Topic 605, *Revenue Recognition*) ("ASU 2009-13") (formerly EITF Issue 08-1) and ASU No. 2009-14, *Certain Arrangements That Include Software Elements*, (amendments to FASB ASC Topic 985, *Software*) ("ASU 2009-14") (formerly Emerging EITF 09-3). ASU 2009-13 requires entities to allocate revenue in an arrangement using estimated selling prices of the delivered goods and services based on a selling price hierarchy. The amendments eliminate the residual method of revenue allocation and require revenue to be allocated using the relative selling price method. ASU 2009-14 removes tangible products from the scope of software revenue guidance and provides guidance on determining whether software deliverables in an arrangement that includes a tangible product are covered by the scope of the software revenue guidance. ASU 2009-13 and ASU 2009-14 should be applied on a prospective basis for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, with early adoption permitted. The Company will adopt ASU 2009-13 and ASU 2009-14 in fiscal 2011 and is currently assessing the impact of the adoption of ASU 2009-13 and ASU 2009-14 on the its consolidated financial statements.

In December 2009, the FASB issued ASU No. 2009-17, *Consolidations—Improvements to Financial Reporting by Enterprises with Variable Interest Entities,* (formerly SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)*). ASU 2009-17 eliminates the quantitative approach previously required for determining the primary beneficiary of a variable interest entity and to require ongoing qualitative reassessments of whether an enterprise is the primary beneficiary of a variable interest entity. ASU 2009-17 requires additional disclosures about an enterprise's involvement in variable interest entities. ASU 2009-17 is effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. Earlier application is prohibited. The adoption of ASU 2009-17 is not expected to have a material impact on the Company's consolidated financial statements.

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

In June 2009, the FASB issued ASC No. 860-10, *Transfers and Servicing* ("ASC 860-10") (formerly SFAS No. 166, *Accounting for Transfers of Financial Assets, an amendment to SFAS No. 140).* The new standard eliminates the concept of a "qualifying special-purpose entity," changes the requirements for derecognizing financial assets, and requires additional disclosures in order to enhance information reported to users of financial statements by providing greater transparency about transfers of financial assets, including securitization transactions, and an entity's continuing involvement in and exposure to the risks related to transferred financial assets. ASC 860-10 is effective for fiscal years beginning after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. The adoption of ASC 860-10 is not expected to have a material impact on the Company's consolidated financial statements.

3. Collaboration Agreement

In June of 2010, the Company entered into a Strategic Alliance Agreement, or the Alliance Agreement, with Siemens AG, or Siemens, pursuant to which (1) the Company agreed to grant Siemens certain distribution rights to CyberKnife systems, (2) Siemens agreed to incorporate certain technology of the Company into certain of its linear accelerator products, the combined products being known as the Cayman Products, and (3) a research and development relationship was created between the Company and Siemens for the pursuit and implementation of other potential collaboration opportunities in the future.

The Alliance Agreement provides that Accuray will grant Siemens distribution rights to the CyberKnife system, allowing Siemens to include the CyberKnife system in multi-product sales when it also sells its own linear accelerator products or imaging products. The Company and Siemens entered into a Multiple Linac and Multi-Modality Distribution Agreement, or Distribution Agreement, which sets forth the terms of these distribution rights. Each sale under the Distribution Agreement is subject to pre-approval by the Company. The Alliance Agreement also provides that Siemens and the Company will negotiate in good faith separate distribution agreements for the distribution by Siemens of the CyberKnife system in certain countries and regions throughout the world not currently able to be fully served by the Company.

In consideration of the Company's development efforts with respect to the first Cayman Product, Siemens has agreed to pay the Company an arrangement fee, which fee is payable in installments based on the achievement of various milestones. The Company is obligated to incur certain development costs for the first Cayman Product in excess of the arrangement fee it receives from Siemens, provided that Siemens pays the Company the full amount of the arrangement fee. The development of a second Cayman Product is contingent upon the satisfaction of certain conditions and milestones. As of June 30, 2010, no payments had been earned and research and development costs incurred were minimal.

Siemens will have the exclusive right to purchase from the Company certain technology solely for use in Cayman Products, but the Company may terminate Siemens' exclusivity if Siemens fails to meet certain specified sales targets, or if the initial shipment of a Cayman Product does not occur within a specified period of time.

Pursuant to the Alliance Agreement, Siemens and the Company agreed to develop a product concept for future joint technology development within six months following execution of the Alliance

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

3. Collaboration Agreement (Continued)

Agreement. The Company and Siemens further agree to cooperate in good faith to explore additional opportunities for ongoing collaboration on complementary technology developments.

The Alliance Agreement has a five year initial term, which will automatically renew for successive one year terms unless a party gives notice of termination to the other party at least six months before the end of a term.

4. Financial Instruments

The Company is permitted to measure many financial instruments and certain other items at fair value, with changes in fair value recognized in earnings each reporting period. The election, called the fair value option, enables entities to achieve an offset accounting effect for changes in fair value of certain related assets and liabilities without having to apply complex hedge accounting provisions.

In November 2008, the Company had entered into an agreement ("Rights Agreement") with UBS, which provides the Company with ARS Rights ("Rights") to sell its ARS at par value to UBS at any time during the period June 30, 2010 through July 2, 2012. On June 30, 2010, the Company exercised its Right to sell its ARS and sold all ARS holdings. As a result of exercising the ARS right, the ARS balance of $21.5 million was liquidated and the put option value of $0.4 million was realized, resulting in a net recognized gain of $65,000. Of the balance of ARS liquidated, $9.9 million was in-transit as of June 30, 2010 and is therefore reflected as a current receivable within "Prepaid expenses and other current assets" on the Company's consolidated balance sheet. In addition, $4.0 million of securities were purchased on June 30, 2010, which resulted in an increase in "Short-term available-for-sale securities" plus an offsetting increase in "Other accrued liabilities" as of June 30, 2010. Both the $9.9 million sale of ARS and $4.0 million purchase of securities settled for cash in the first week of July 2010 which will increase the combined total of "Cash and cash equivalents" plus "Short-term available-for-sale securities" by $5.9 million in the first week of July 2010.

The Company elected fair value accounting for the put option recorded in connection with the Rights Agreement. This election was made in order to mitigate volatility in earnings caused by accounting for the purchased put option and underlying ARS under different methods. The initial election of fair value resulted in a gain included in "Other Income, Net" for the put option which was recorded in long-term trading securities on the accompanying consolidated balance sheet as of June 30, 2009.

Due to UBS's ability to sell the ARS at any time under the Rights Agreement, the ARS previously reported as available-for-sale were transferred to trading securities and are classified as long-term trading securities on the consolidated balance sheet as of June 30, 2009. Due to the change in classification to trading securities, at the time of entering into the Rights Agreement, the Company transferred the previously accumulated unrealized loss of $3.8 million from "Accumulated other comprehensive income (loss)" to "Other income, net" and recorded additional unrealized gains of $2.1 million relating to the change in fair value of the trading securities from November 2008 through June 30, 2009 in "Other income, net". At June 30, 2009, the total fair value of the ARS was $20.7 million, net of $1.7 million of unrealized losses.

Additionally, the Company recorded unrealized gains of $3.3 million related to the fair value of the put option at the time it entered into the Rights Agreement and recorded unrealized losses relating to the change in fair value of the put option from November 2008 through June 30, 2009 of

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

4. Financial Instruments (Continued)

$2.0 million, for a total fair value of the put option of $1.3 million as of June 30, 2009. During the year ended June 30, 2009, the $1.7 million unrealized loss in fair value of the ARS and the $2.0 million of unrealized loss on the put option, partially offset by the $3.3 million gain recognized on the put option, resulted in a net $319,000 decrease to "Note 11. Other income, net".

The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy contains three levels of inputs that may be used to measure fair value, as follows:

Level 1—Unadjusted quoted prices that are available in active markets for the identical assets or liabilities at the measurement date.

Level 2—Other observable inputs available at the measurement date, other than quoted prices included in Level 1, either directly or indirectly, including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3—Unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions.

The following tables sets forth by level within the fair value hierarchy the Company's financial assets that were accounted for at fair value on a recurring basis at June 30, 2010, according to the valuation techniques the Company used to determine their fair values (in thousands):

	Fair Value at June 30, 2010	Fair Value Measurements Using Inputs Considered as		
		Level 1	Level 2	Level 3
Money market funds	$ 1,104	$ 1,104	$ —	$ —
Corporate notes	34,992	—	34,992	—
Commercial paper	22,513	—	22,513	—
U.S. government and governmental agency obligations	43,774	—	43,774	—
Total	$ 102,383	$ 1,104	$ 101,279	$ —

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

4. Financial Instruments (Continued)

	Fair Value at June 30, 2009	Fair Value Measurements Using Inputs Considered as Level 1	Level 2	Level 3
Money market funds	$ 19,549	$ 19,549	$ —	$ —
Corporate notes	27,251	—	27,251	—
Commercial paper	21,865	—	21,865	—
U.S. government and governmental agency obligations	50,763	—	50,763	—
Auction-rate securities	20,669	—	—	20,669
Put option	1,338	—	—	1,338
Total	$ 141,435	$ 19,549	$ 99,879	$ 22,007

Investments in marketable securities classified as available-for-sale by security type at June 30, 2010 and 2009, consisted of the following (in thousands):

	June 30, 2010			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Short-term investments:				
Commercial paper	$ 21,126	$ —	$ (11)	$ 21,115
US Corporate debt	34,957	64	(29)	34,992
Government-sponsored enterprises	43,761	15	(2)	43,774
Total short-term investments	99,844	79	(42)	99,881
Long-term investments:				
US Corporate debt	—	—	—	—
Government-sponsored enterprises	—	—	—	—
Total long-term investments	$ —	$ —	$ —	$ —
Total short and long-term investments	$ 99,844	$ 79	$ (42)	$ 99,881

	June 30, 2009			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Short-term investments:				
Commercial paper	$ 21,869	$ 14	$ (18)	$ 21,865
US Corporate debt	9,993	81	—	10,074
Government-sponsored enterprises	32,456	239	—	32,695
Total short-term investments	64,318	334	(18)	64,634
Long-term investments:				
US Corporate debt	17,094	103	(20)	17,177
Government-sponsored enterprises	18,001	67	—	18,068
Total long-term investments	35,095	170	(20)	35,245
Total short and long-term investments	$ 99,413	$ 504	$ (38)	$ 99,879

All of the Company's investments with continuous unrealized losses have been in an unrealized loss position for less than twelve months at June 30, 2010.

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

4. Financial Instruments (Continued)

The table below presents a reconciliation of all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3). The Company classifies financial instruments in Level 3 of the fair value hierarchy when there is reliance on at least one significant unobservable input to the valuation model. In addition to these unobservable inputs, the valuation models for Level 3 financial instruments typically also rely on a number of inputs that are readily observable either directly or indirectly. Thus, the gains and losses presented below include changes in the fair value related to both observable and unobservable inputs.

	Year Ended June 30, 2010	Year Ended June 30, 2009
	(in thousands)	
Beginning balance	$ 22,007	$ 21,509
Change in temporary valuation adjustment previously recorded in Accumulated Other Comprehensive Income	—	891
Acquisition of put option	—	3,316
Unrealized gain on auction rate securities included in earnings	1,656	(1,731)
Unrealized loss on put option included in earnings	(1,338)	(1,978)
Redemption of auction rate securities	(22,325)	—
Ending balance	$ —	$ 22,007

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Money market funds. Money market funds are open-ended mutual funds that typically invest in short-term debt securities. Money market funds are classified as cash and cash equivalents on the Company's consolidated balance sheets. The Company classified these funds that are specifically backed by debt securities as Level 1 instruments due to its usage of unadjusted quoted prices that are available in active markets for the identical assets or liabilities at the measurement date.

Corporate notes. Corporate notes are floating-rate obligations that are payable on demand. These are classified as available-for-sale within short-term marketable securities on the Company's consolidated balance sheets. The market approach was used to value the Company's variable-rate demand notes. The Company classified these securities as Level 2 instruments due to either its usage of observable market prices in less active markets or, when observable market prices were not available, its use of non-binding market prices that are corroborated by observable market data or quoted market prices for similar instruments.

Commercial paper. Commercial paper is an unsecured, short-term debt instrument issued by corporations and financial institutions that generally mature within 270 days. The total fair value of commercial paper held as of June 30, 2010 of $22.5 million includes $1.4 million of money market funds invested in commercial paper which is classified as cash equivalents. The portion in cash and cash equivalents represents highly liquid debt instruments with insignificant interest rate risk and maturities of ninety days or less at the time of purchase. The market approach was used to value the Company's commercial paper. The Company classified these securities as Level 2 instruments due to either its

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

4. Financial Instruments (Continued)

usage of observable market prices in less active markets or, when observable market prices were not available, its use of non-binding market prices that are corroborated by observable market data or quoted market prices for similar instruments.

U.S. government and governmental agency obligations. U.S. government and governmental agency obligations are issued by U.S. Federal, state and local governments, government-sponsored enterprises ("GSE") and other governmental entities such as authorities or special districts that generally mature within 2 years. These are classified as short-term and long-term, when long term, available-for-sale securities on the Company's consolidated balance sheets. The market approach was used to value the Company's U.S. government and governmental agency obligations. The Company classified these securities as Level 2 instruments due to either its usage of observable market prices in less active markets or, when observable market prices were not available, its use of non-binding market prices that are corroborated by observable market data or quoted market prices for similar instruments.

Auction-rate securities. Through June 30, 2010, there was insufficient observable market information available to determine the fair value of the Company's ARS. Prior to December 31, 2008, the Company estimated Level 3 fair values for these securities based on the financial institutions broker's valuations. The financial institution broker valued student loan ARS as floating rate notes with three pricing inputs: the coupon, the current discount margin or spread, and the maturity. The coupon was generally assumed to equal the maximum rate allowed under the terms of the instrument, the current discount margin was based on an assessment of observable yields on instruments bearing comparable risks, and the maturity was based on an assessment of the terms of the underlying instrument and the potential for restructuring the ARS. The primary unobservable input to the valuation was the maturity assumption which was set at five years for the majority of ARS instruments. Through January 6, 2008, the ARS were valued at par value due to the frequent resets that historically occurred through the auction process.

As of December 31, 2008, the Company determined Level 3 fair value using an income approach. The pricing assumptions for the ARS included the coupon rate, the estimated time to liquidity, current market rates for publicly traded corporate debt of similar credit rating and an adjustment for lack of liquidity. The coupon rate was assumed to equal the stated maximum auction rate being received, which is the lesser of (i) an average trailing twelve month yield for the ARS that is equal to the average trailing twelve month 91-day U.S. Treasury rate plus 1.20% or 1.50% premium according to provisions outlined in each security's agreement, (ii) the one-month LIBOR rate as of the auction date plus 1.5%, or (iii) a maximum interest rate of either 17% or 18% (specific to each ARS). The estimated time to liquidity was 3.25 years based on (i) expectations from industry brokers for liquidity in the market and (ii) the period over which UBS and other broker-dealers that had issued ARS have agreed to redeem certain ARS at par value.

The put option gave the Company the right to sell the ARS to UBS for a price equal to par value during the period June 30, 2010 to July 2, 2012, providing liquidity for the ARS sooner than the estimated five years. Historically, the value of the put option lied in (i) the ability to sell the securities thereby creating liquidity approximately two years before the ARS market is expected to become liquid and (ii) the avoidance of receiving below-market coupon rate while the security is illiquid and auctions are failing. The fair value of the put option represented the difference between the ARS with an estimated time to liquidity in excess of the estimated time to liquidity of the put option, which allowed for the acceleration of liquidity and the avoidance of a below market coupon rate.

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

5. Balance Sheet Components

Accounts Receivable, net

Accounts receivable, net consisted of the following (in thousands):

	June 30,	
	2010	2009
Accounts receivable	$ 37,861	$ 36,539
Unbilled fees and services	209	372
	38,070	36,911
Less: Allowance for doubtful accounts	(115)	(484)
Accounts receivable, net	$ 37,955	$ 36,427

Inventories

Inventories consisted of the following (in thousands):

	June 30,	
	2010	2009
Raw materials	$ 13,683	$ 12,172
Work-in-process	5,987	13,006
Finished goods	8,516	3,731
Total inventories	$ 28,186	$ 28,909

Property and Equipment, net

Property and equipment consisted of the following (in thousands):

	June 30,	
	2010	2009
Furniture and fixtures	$ 3,628	$ 3,404
Computer and office equipment	8,297	7,982
Leasehold improvements	7,771	7,676
Machinery and equipment	15,291	14,097
CyberKnife shared ownership systems	5,216	3,725
Construction in progress	1,927	—
	42,130	36,884
Less: Accumulated depreciation and amortization	(27,446)	(21,818)
Property and equipment, net	$ 14,684	$ 15,066

Depreciation and amortization expense related to property and equipment for the years ended June 30, 2010, 2009, and 2008 was $7.1 million, $6.4 million, $7.4 million, respectively. Accumulated depreciation related to the CyberKnife systems attributable to the shared ownership program at June 30, 2010 and 2009 was $1.8 million and $1.0 million, respectively.

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

5. Balance Sheet Components (Continued)

Of the $1.9 million recorded in construction in process for fiscal year 2010, $1.5 million relates to the Company's implementation of a new enterprise resource planning information system, which will replace its existing system, and includes capitalized costs relating to license and consulting fees.

6. Investment

On July 29, 2008, the Company and Morphormics entered into a Stock Purchase Agreement pursuant to which the Company agreed to purchase 120,000 shares of Morphormics Series C Preferred Stock at $12.50 per share, for a total purchase price of $1.5 million. In exchange, Morphormics granted the Company a non-exclusive worldwide license to integrate several of its software products into the Company's treatment planning software. The equity investment afforded the Company a voting interest of approximately 18% in Morphormics. The Company's equity is considered to be at risk and is deemed not sufficient to finance Morphormics' current product development activities without additional subordinated financial support. In addition, the Company is deemed to be Morphormics' primary beneficiary; therefore, it would absorb a majority of expected losses. The Company consolidates Morphormics in its financial results. The consolidation of Morphormics' assets and liabilities did not have a material effect on the Company's consolidated balance sheet at June 30, 2010. The Company recorded losses in fiscal years 2010 and 2009 of $537,000 and $934,000, respectively. As of June 30, 2010, the investment amount has been fully utilized by Morphormics.

7. Goodwill and Other Purchased Intangibles

Goodwill and other intangible assets resulted from the Company's January 2005 acquisition of the High Energy Systems Division ("HES") of American Science and Engineering, Inc. ("AS&E"). The Company integrated this operation into its existing manufacturing operation. HES had been the sole source manufacturer of the linear accelerator used in the CyberKnife system. The Company performed the annual test for impairment of goodwill in December 2009 concluding that there was no impairment of goodwill. At June 30, 2010, there had been no indicators to perform an interim test. The amortization expense relating to intangible assets for the years ended June 30, 2010, 2009 and 2008 was $280,000, $258,000 and $258,000, respectively. The following represents the gross carrying amounts and accumulated amortization of amortized intangible assets at June 30, 2010 and 2009, respectively (in thousands):

	June 30,	
	2010	2009
Complete technology	$ 1,740	$ 1,740
Customer contract / relationship	70	70
	1,810	1,810
Less: Accumulated amortization	(1,422)	(1,142)
Intangible assets, net	$ 388	$ 668

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

7. Goodwill and Other Purchased Intangibles (Continued)

The following table represents the estimated useful life of the intangible assets subject to amortization:

	Years
Amortized Intangible Assets:	
Complete technology	7.0
Customer contract / relationship	7.0

The estimated future amortization expense of purchased intangible assets as of June 30, 2010, is as follows (in thousands):

Year ending June 30,	
2011	259
2012	129
Total	$ 388

8. Commitments and Contingencies

Operating Lease Agreements

The Company leases office space under non-cancelable operating leases with various expiration dates through May 2015. Rent expense, including common area maintenance, was $5.2 million, $6.0 million and $4.9 million for the years ended June 30, 2010, 2009 and 2008, respectively. Sublease income relating to a portion of a facility that the Company also uses was $225,000, $212,000 and $161,000 for the years ended June 30, 2010, 2009 and 2008, respectively. The terms of the facility leases provide for rental payments on a graduated scale. The Company recognizes rent expense on a straight-line basis over the lease period, and has accrued for rent expense incurred but not paid.

Future minimum lease payments under non-cancelable operating lease agreements as of June 30, 2010 were as follows (in thousands):

Year ending June 30,	Operating leases	Sublease income	Total
2011	3,589	(57)	3,532
2012	2,907		2,907
2013	2,299		2,299
2014	2,318		2,318
2015	1,939		1,939
Total	$ 13,052	$ (57)	$ 12,995

The Company enters into standard indemnification agreements with its landlords and all superior mortgagees and their respective directors, officers' agents, and employees in the ordinary course of business. Pursuant to these agreements, the Company will indemnify, hold harmless, and agree to reimburse the indemnified party for losses suffered or incurred by the indemnified party, generally the landlords, in connection with any loss, accident, injury, or damage by any third party with respect to the leased facilities. The term of these indemnification agreements is from the commencement of the lease

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

8. Commitments and Contingencies (Continued)

agreements until termination of the lease agreements. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, historically the Company has not incurred claims or costs to defend lawsuits or settle claims related to these indemnification agreements. The Company has recorded no liability associated with its indemnification as it is not aware of any pending or threatened actions that are probable losses as of June 30, 2010.

Royalty Agreements

In March 2007, the Company entered into a license and royalty agreement with Deutsches Krebsforschungszentrum ("DKFZ"), a German cancer research center. Under this agreement, the Company has a non-exclusive license to use certain technology. The Company is obligated to pay DKFZ $12,500 for each CyberKnife system sold that includes the licensed technology, with the stipulation that the Company must make minimum annual payments of $50,000. Royalty expense under this agreement recorded in cost of revenue or deferred cost of revenue was $575,000, $462,500, $54,000 for the years ended June 30, 2010, 2009 and 2008, respectively. At June 30, 2010 and 2009, the Company had accrued amounts of approximately $325,000 and $288,000, respectively, included in other accrued liabilities in the consolidated balance sheets relating to this license and royalty agreement.

Contingencies

From time to time, the Company may become involved in litigation relating to claims arising from the ordinary course of business. Management does not believe the final disposition of these matters will have a material adverse effect on the financial position, results of operations or future cash flows of the Company.

Software License Indemnity

Under the terms of the Company's software license agreements with its customers, the Company agrees that in the event the software sold infringes upon any patent, copyright, trademark, or any other proprietary right of a third party, it will indemnify its customer licensees, against any loss, expense, or liability from any damages that may be awarded against its customer. The Company includes this infringement indemnification in all of its software license agreements and selected managed services arrangements. In the event the customer cannot use the software or service due to infringement and the Company cannot obtain the right to use, replace or modify the license or service in a commercially feasible manner so that it no longer infringes, then the Company may terminate the license and provide the customer a refund of the fees paid by the customer for the infringing license or service. The Company has recorded no liability associated with this indemnification, as it is not aware of any pending or threatened actions that are probable losses as of June 30, 2010.

Litigation

On July 22, 2009, a securities class action lawsuit was filed in the U.S. District Court for the Northern District of California against the Company and certain of its current and former directors and officers. On August 7, 2009 and August 9, 2009, two securities class action complaints, both similar to the one filed on July 22, 2009, were filed against the same defendants in the same court. These three actions were consolidated. The consolidated complaint generally alleges that the Company and the

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

8. Commitments and Contingencies (Continued)

individual defendants made false or misleading public statements regarding the Company's operations and seek unspecified monetary damages and other relief.

On August 5, 2009, a shareholder derivative lawsuit was filed in Santa Clara County Superior Court against certain of the Company's current and former officers and directors. The Company is named as a nominal defendant. The complaint generally alleges that the defendants breached their fiduciary duties by misrepresenting and/or failing to disclose material information regarding the Company's business and financial performance, and seeks unspecified monetary damages and other relief. On February 25, 2010, the plaintiff dismissed the action without prejudice.

On November 24, 2009, a shareholder derivative lawsuit was filed in the U.S. District Court for the Northern District of California against certain of the Company's current and former officers and directors. The Company is named as a nominal defendant. Three other shareholder derivative lawsuits were filed in the same court on November 30, 2009, December 1, 2009 and March 16, 2010. These actions have been consolidated. The amended consolidated complaint generally alleges that the defendants breached their fiduciary duties by misrepresenting and/or failing to disclose material information regarding the Company's business and financial performance, and that certain defendants also violated federal and California securities laws. The amended consolidated complaint seeks unspecified monetary damages and other relief.

On September 3, 2009, Best Medical International, Inc. ("Best Medical") filed a lawsuit against the Company in the U.S. District Court for the Western District of Pennsylvania claiming the Company induced certain individuals to leave the employment of Best Medical and join the Company in order to gain access to Best Medical's confidential information and trade secrets. They are seeking monetary damages and other relief. At this time the Company does not have enough information to estimate what, if any, financial impact this claim will have.

As of June 30, 2010, the Company has not recorded any liabilities for the above referenced lawsuits as a loss is not considered probable or estimable.

9. Stockholders' Equity

In August 2007 the Company announced that the Board of Directors had approved a stock repurchase plan that authorized the Company to repurchase shares of its common stock. Under the plan, the Company has the ability to acquire up to $25.0 million of common shares in the open market over a period of one year. No shares were repurchased during the years ended June 30, 2010 or 2009. As of June 30, 2008, the Company had repurchased 2,140,018 shares of its common stock for $24.0 million. Such shares were not retired nor returned to the status of authorized, unissued shares. Accordingly, such shares remain issued and classified as treasury stock as of June 30, 2010. The Company accounts for its treasury stock under the par value method. At June 30, 2010, the par value of the Company's treasury stock was immaterial. The stock repurchase plan expired in August 2008 and was not renewed by the Board of Directors.

Options and Restricted Stock Units

In 2007, in connection with the Company's IPO, the Board of Directors approved the 2007 Incentive Award Plan (the "2007 Plan"). Under the 2007 Plan, the Board of Directors is authorized to award stock-based grants to employees, directors, and consultants for up to 7,500,000 shares, of

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

9. Stockholders' Equity (Continued)

which 3,038,641 were available for future issuances as of June 30, 2010. As of June 30, 2010, the 1993 Plan and the 1998 Plan continued to remain in effect along with the 2007 Plan; however, options can no longer be granted from the 1993 and 1998 Plans, and all options which expire or are forfeited will be retired from the pool.

Only employees are eligible to receive incentive stock options. Non-employees may be granted non-qualified options. The Board of Directors has the authority to set the exercise price of all options granted, subject to the exercise price of incentive stock options being no less than 100% of the fair value of a share of common stock on the date of grant; and no less than 85% of the fair value for non-qualified stock options.

Generally, the Company's outstanding options and restricted stock units ("RSUs") vest at a rate of 25% per year, however, certain RSU's granted vest 10% upon the first anniversary year of the grant date, 20% upon the second anniversary year of the grant date, 30% upon the third anniversary year of the grant date and 40% upon the fourth anniversary year of the grant date. Continued vesting typically terminates when the employment or consulting relationship ends. The maximum term of the options granted to persons who own at least 10% of the voting rights of all outstanding stock on the date of grant is 5 years. The maximum term of all other options is 10 years. The Company's current practice with options is to issue new shares to satisfy share option exercises.

As of June 30, 2010, there was approximately $3.1 million of unrecognized compensation cost related to RSUs, which is expected to be recognized over a weighted-average period of 2.1 years. As of June 30, 2010, there was approximately $7.5 million, net of estimated forfeitures, of unrecognized compensation cost related to unvested stock options which is expected to be recognized over a weighted-average period of 2.4 years.

The weighted-average assumptions used to value options granted during the years ended June 30, 2010, 2009 and 2008 were as follows:

	Years Ended June 30,		
	2010	2009	2008
Risk-free interest rate	2.11% - 3.04%	1.66% - 3.59%	2.71% - 4.88%
Dividend yield	—	—	—
Expected life	6.25	6.25	6.25
Expected volatility	56.6% - 64.7%	61.2% - 68.5%	59.8% - 61.4%

During the year ended June 30, 2009, the Company recognized $929,000 of stock-based compensation expense related to accelerated vesting of stock options and RSUs in conjunction with employee separation costs. No such expenses were recognized during the years ended June 30, 2010 and 2008. At June 30, 2010 and 2009, $207,000 and $456,000 of capitalized stock-based compensation costs were included as components of inventory and deferred cost of revenue.

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

9. Stockholders' Equity (Continued)

The options outstanding and exercisable, by exercise price, at June 30, 2010 were as follows:

	Options Outstanding			Options Exercisable	
Exercise Price	Number Of Options	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
$0.75	1,437,190	2.63	0.75	1,437,190	0.75
0.85 - $2.50	546,100	4.03	2.25	546,100	2.25
$3.00	23,000	0.37	3.00	23,000	3.00
$3.50	950,311	4.55	3.50	950,311	3.50
$3.75 - $4.67	830,746	6.74	4.50	605,286	4.44
$5.03 - $8.25	2,396,789	8.82	6.48	755,469	6.73
$8.54 - $10.00	785,190	6.36	9.45	718,937	9.48
$10.36 - $23.11	667,331	7.27	14.63	469,354	14.68
$28.47	171,934	6.74	28.47	161,662	28.47

The aggregate intrinsic value in the table below represents the total pretax intrinsic value (the difference between the fair value of the Company's common stock on June 30, 2010 of $6.63 and the exercise price of the options) that would have been received by option holders if all options exercisable had been exercised on June 30, 2010. The total intrinsic value of options exercised in the years ended June 30, 2010, 2009, and 2008 was approximately $6.6 million, $4.4 million and $29.2 million, respectively. The total fair value of shares vested during the years ended June 30, 2010, 2009 and 2008 was $7.7 million, $10.8 million and $14.3 million, respectively.

Option activity during the year ended June 30, 2010 was as follows:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value As Of June 30, 2010
Balance at June 30, 2009	8,455,316	$ 5.70		
Options granted	1,498,740	$ 6.09		
Options forfeited	(831,716)	$ 9.86		
Options exercised	(1,313,749)	$ 1.55		
Balance at June 30, 2010	7,808,591	$ 6.03	5.94	$ 16,651,240
Vested or expected to vest at June 30, 2010	7,575,235	$ 6.00	5.85	$ 16,518,911
Exercisable at June 30, 2010	5,667,309	$ 5.61	4.88	$ 15,473,651

During the years ended June 30, 2010, 2009 and 2008, the Company recognized $6.6 million, $10.3 million, and $12.2 million, respectively, of

stock-based compensation expense for stock options granted to employees. The weighted average fair value of options granted was $3.45, $4.01 and $8.14 per share for the years ended June 30, 2010, 2009, and 2008, respectively.

Tax benefits from tax deductions for exercised options and disqualifying dispositions in excess of the deferred tax asset attributable to stock compensation costs for such options are credited to

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

9. Stockholders' Equity (Continued)

additional paid-in capital. Realized excess tax benefits for the years ended June 30, 2010, 2009, and 2008 were $414,000, $0 and $419,000, respectively.

Combined activity under the 1993 Plan, 1998 Plan and 2007 Plan (the "Plans") was as follows:

	Shares Available For Grant	Number of Options Outstanding	Weighted Average Exercise Price	Number of RSUs Outstanding	Weighted Average Grant Date Fair Value
Balance at June 30, 2007	3,588,781	10,791,875	$ 3.79	648,330	$ 28.16
Plan shares expired	(209,829)	—	$ 0.00	—	$ 0.00
Grants	(1,481,830)	1,220,930	$ 14.17	260,900	$ 14.55
Forfeitures	329,059	(235,466)	$ 5.71	(93,593)	$ 27.58
Exercises or releases	—	(2,564,508)	$ 1.70	(91,603)	$ 10.90
Balance at June 30, 2008	2,226,181	9,212,831	$ 5.70	724,034	$ 23.43
Additional shares reserved	1,500,000	—	$ 0.00	—	$ 0.00
Plan shares expired	(415,686)	—	$ 0.00	—	$ 0.00
Grants	(1,759,969)	1,584,404	$ 6.55	175,565	$ 6.49
Forfeitures	1,095,231	(891,799)	$ 11.94	(203,432)	$ 22.36
Exercises or releases	—	(1,450,120)	$ 2.83	(176,558)	$ 5.98
Balance at June 30, 2009	2,645,757	8,455,316	$ 5.70	519,609	$ 18.15
Additional shares reserved	1,500,000				
Plan shares expired	(325,120)				
Grants	(1,686,498)	1,498,740	$ 6.09	187,758	$ 6.12
Forfeitures	904,502	(831,716)	$ 9.86	(72,786)	$ 18.92
Exercises or releases		(1,313,749)	$ 1.55	(170,395)	$ 6.32
Balance at June 30, 2010	3,038,641	7,808,591	$ 6.03	464,186	$ 12.52

In connection with the 2007 Plan, the Company issued RSUs and recognized $3.0 million, $4.1 million and $4.0 million of stock-based compensation expense, net of estimated forfeitures, for RSUs granted during the years ended June 30, 2010, 2009 and 2008, at a weighted-average grant date fair value of $6.12, $6.49 and $14.55 per share, respectively.

Employee Stock Purchase Plan

In January 2007, in connection with the Company's IPO, the Board of Directors approved the 2007 Incentive Award Plan ("2007 Plan") and 2007 Employee Stock Purchase Plan ("ESPP") which became effective on the date of the Company's IPO. The ESPP is deemed compensatory and compensation costs are accounted for under ASC 718.

Under the ESPP, the Company is authorized to issue up to 1,000,000 shares of common stock. Qualified employees are entitled to purchase the Company's common stock at 85% of the lower of the fair market value of the common stock on the commencement date of each offering period or the fair market value on the specified purchase date. Employees' payroll deductions may not exceed 10% of their salaries. Employees may purchase up to 2,500 shares per period provided that the value of the shares purchased in any calendar year may not exceed $25,000, as calculated pursuant to the purchase plan.

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

9. Stockholders' Equity (Continued)

During the years ended June 30, 2010, 2009 and 2008 the estimated fair value of ESPP shares was calculated at the date of grant using the Black-Scholes option pricing model, using fair values of the ESPP shares between $1.75 per share and $6.94 per share. Expected volatility was based on the historical volatility of a peer group of publicly traded companies. The expected term of six months was based upon the offering period of the ESPP. The risk-free rate for the expected term of the ESPP option was based on the U.S. Treasury Constant Maturity rate for each offering period. For the years ended June 30, 2010, 2009 and 2008, the Company recognized $841,000, $998,000 and $1.0 million of compensation expense related to its ESPP, respectively. The weighted-average assumptions were as follows:

	Years Ended June 30,		
	2010	2009	2008
Risk-free interest rate	0.15% - 0.29%	0.29% - 1.99%	1.99% - 5.16%
Dividend yield	—	—	—
Expected life	0.50	0.50	0.50 - 0.75
Expected volatility	56.7% - 78.3%	66.4% - 85.4%	49.9% - 66.4%

As of June 30, 2010, there was approximately $424,000 of unrecognized compensation cost related to the ESPP, which is expected to be recognized over a weighted-average period of 0.4 years. The weighted-average fair value of ESPP shares was $2.21 and $1.88 per share for the years ended June 30, 2010 and 2009, respectively.

10. Income Taxes

For financial reporting purposes, "Income before provision for income taxes" included the following components (in thousands):

	June 30,		
	2010	2009	2008
Domestic	$ 1,169	$ 615	$ 5,910
Foreign	1,667	49	340
Total worldwide	$ 2,836	$ 664	$ 6,250

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

10. Income Taxes (Continued)

The provision (benefit) for income taxes consisted of the following (in thousands):

	June 30,		
	2010	2009	2008
Current:			
Federal	(876)	$ (164)	$ 367
State	265	41	180
Foreign	724	345	244
Total current	113	222	791
Deferred:			
Federal	—	—	—
State	—	—	—
Foreign	(117)	(167)	76
Total deferred	(117)	(167)	76
Total provision	$ (4)	$ 55	$ 867

A reconciliation of income taxes at the statutory federal income tax rate to net income taxes included in the accompanying consolidated statements of operations is as follows (in thousands):

	2010	2009	2008
U.S. federal taxes (benefit):			
At federal statutory rate	$ 993	$ 217	$ 2,168
State tax, net of federal benefit	265	41	180
Stock-based compensation expense	389	682	1,209
Change in valuation allowance	(32)	45	(2,251)
Credits	(877)	(1,207)	(1,592)
Federal alternative minimum tax	(873)	(164)	367
Meals and entertainment	178	224	245
Other	(71)	39	222
Foreign	24	178	319
Total	$ (4)	$ 55	$ 867

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

10. Income Taxes (Continued)

purposes. Significant components of the Company's deferred tax assets at June 30, 2010 and 2009 were as follows (in thousands):

	June 30,	
	2010	2009
Deferred tax assets:		
Federal and state net operating losses	$ 10,127	$ 10,336
Accrued vacation	1,019	1,043
Deferred revenue	2,904	5,134
Credits	6,692	6,868
Capitalized research and development	48	82
Stock-based compensation expense	9,008	8,596
Reserves not deductible for tax purposes	6,104	4,337
Fixed assets	389	634
Other	1,648	1,160
Total deferred tax assets	37,939	38,190
Deferred tax liabilities:		
Unrealized gain on investment	(15)	(176)
Total deferred tax liabilities	(15)	(176)
Valuation allowance	(37,734)	(37,941)
Net deferred tax assets:	$ 190	$ 73

The Company has not provided for U.S. income taxes on undistributed earnings of its foreign subsidiaries because it intends to permanently re-invest these earnings outside the U.S. The cumulative amount of such undistributed earnings upon which no U.S. income taxes have been provided as of June 30, 2010 was $0.5 million.

As of June 30, 2010, the Company had approximately $45.2 million and $35.2 million in federal and state net operating loss carryforwards, respectively, which expire in varying amounts beginning in 2019 for federal and 2012 for state purposes. Such net operating loss carryforwards included excess tax benefits from employee stock option exercises which, in accordance with ASC 718-10, had not been recorded in the Company's deferred tax assets. The Company will record approximately $7.4 million as a credit to additional paid in capital as and when such excess benefits are ultimately realized.

In addition, as of June 30, 2010, the Company had federal and state research and development tax credits of approximately $3.6 million and $4.7 million, respectively. The federal research credits will begin to expire in 2019 and the state research credits have no expiration date.

Utilization of the Company's net operating loss and credit carryforwards is subject to annual limitation due to the ownership change limitations provided by Section 382 of the Internal Revenue Code and similar state provisions. However, none of the Company's federal and state carryforwards will expire as a result of the ownership change limitation.

Based on the available objective evidence and history of losses, the Company has established a 100% valuation allowance against its domestic and certain foreign net deferred tax assets due to the uncertainty surrounding the realization of such assets.

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

10. Income Taxes (Continued)

The following is a rollforward of the Company's gross unrecognized tax benefit and liabilities associated with its uncertain tax positions at June 30, 2010, 2009, and 2008 (in thousands):

Rollforward of gross unrecognized tax benefit:

	June 30,		
	2010	2009	2008
Balance at Beginning of Year	$ 3,364	$ 1,380	$ 4,800
Revisions to opening unrecognized tax benefits	—	—	(3,467)
Tax positions related to current year:			
Additions	347	551	291
Reductions	—	—	—
Tax positions related to prior years:			
Additions	6	1,496	—
Reductions	(48)	(63)	(244)
Settlements	—	—	—
Lapses in statutes of limitations	—	—	—
Balance at End of Year	$ 3,669	$ 3,364	$ 1,380

The calculation of unrecognized tax benefits involves dealing with uncertainties in the application of complex global tax regulations. Management regularly assesses the Company's tax positions in light of legislative, bilateral tax treaty, regulatory and judicial developments in the countries in which the Company does business. Management does not believe there will be any material changes in the unrecognized tax benefits within the next 12 months. The Company has unrecognized tax positions of $331,000 reserved for foreign tax issues which if recognized would impact the tax provision in future years.

The Company's continuing practice is to recognize interest and/or penalties related to income tax matters in income tax expense. Such interest and penalties were immaterial as of June 30, 2010.

The Company files income tax returns in the United States, various states and foreign jurisdictions. Due to attributes being carried forward and utilized during open years, the statute of limitations remains open for the US federal jurisdiction and domestic states for tax years from 1999 and forward. The statute of limitations in France remains open from 2008, Hong Kong remains open from 2003 and Japan remains open from 2007.

Currently, the Company is not under audit in any of its tax jurisdictions, both domestic and foreign. Foreign income tax matters for France have been concluded for years through June 30, 2007.

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

11. Other Income, Net

For the years ended June 30, 2010, 2009 and 2008, other income, net consisted of the following (in thousands):

	Years Ended June 30,		
	2010	2009	2008
Interest income	$ 1,813	$ 3,866	$ 7,679
Foreign currrency transaction gain	—	169	153
Realized gain on investments	318	—	9
Other	270	95	—
Total interest and other income	$ 2,401	$ 4,130	$ 7,841
Interest expense	$ (32)	$ (10)	$ (173)
Foreign currrency transaction loss	(1,920)	—	—
Loss on asset disposition	(195)	(342)	(188)
Realized loss on investments	—	(288)	
State sales and local taxes	(226)	(231)	(295)
Fines and penalties	(27)	(177)	—
Other	—	—	(1)
Total interest and other expense	$ (2,400)	$ (1,048)	$ (657)
Total other income, net	$ 1	$ 3,082	$ 7,184

12. Related Party Transactions

The Company's former Chief Executive Officer, Dr. John R. Adler, Jr. was a member of the Company's Board of Directors until his resignation effective July 19, 2009, and is a member of the faculty at Stanford University, or Stanford, where he holds the position of Professor of Neurosurgery and Radiation Oncology. Effective July 20, 2009, Dr. Adler was no longer considered a related party of the Company.

The Company recognized related party revenue of $1.6 million and $734,000 during years ended June 30, 2009 and 2008, respectively, relating to products and services provided to Stanford. The Company recorded $170,000 and $55,000 of expense during the years ended June 30, 2009 and 2008, respectively, relating to research grants with Stanford to support customer studies related to the Company's CyberKnife systems. At June 30, 2009, $209,000 was recorded as deferred revenue and advances relating to related party payments made by Stanford. At June 30, 2009, $9,000 was due from Stanford.

In April 2008, the Company entered into a consulting agreement with Dr. Adler, whereby Dr. Adler was entitled to receive a maximum compensation of $167,100 per year,payable in quarterly installments at the beginning of each quarter beginning on April 1, 2008.

In April 2009, the Company entered into a consulting agreement with Dr. Adler that terminated the prior consulting agreement discussed above. Under the new consulting agreement, Dr. Adler was entitled to receive maximum compensation of $168,100 per year, payable in quarterly installments at the beginning of each quarter beginning on April 1, 2009. This agreement had a term of one year, however, Dr. Adler terminated this agreement effective March 20, 2010. The Company recognized

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

12. Related Party Transactions (Continued)

consulting expense for Dr. Adler in the amount of $167,000 and $154,000 for the years ended June 30, 2009 and 2008.

13. Employee Benefit Plans

The Company's employee savings and retirement plan is qualified under Section 401(k) of the United States Internal Revenue Code. Employees may make voluntary, tax-deferred contributions to the 401(k) Plan up to the statutorily prescribed annual limit. The Company makes discretionary matching contributions to the 401(k) Plan on behalf of employees up to the limit determined by the Board of Directors. The Company contributed $723,000, $904,000 and $845,000 to the 401(k) Plan during the years ended June 30, 2010, 2009 and 2008, respectively.

14. Quarterly Financial Data (unaudited)

	Quarters ended			
	September 30, 2009	December 31, 2009	March 31, 2010	June 30, 2010
	(in thousands, except per share data)			
Net revenue	$ 50,575	$ 57,321	$ 51,940	$ 61,789
Gross profit	$ 21,619	$ 25,964	$ 25,376	$ 31,059
Net income (loss)	$ (3,276)	$ (1,176)	$ 2,272	$ 5,021
Basic net income (loss) per share	$ (0.06)	$ (0.02)	$ 0.04	$ 0.09
Diluted net income (loss) per share	$ (0.06)	$ (0.02)	$ 0.04	$ 0.08
Shares used in basic per share calculation	56,713	57,405	57,851	58,205
Shares used in diluted per share calculation	56,713	57,405	60,470	60,564

	Quarters ended			
	September 30, 2008	December 31, 2008	March 31, 2009	June 30, 2009
	(in thousands, except per share data)			
Net revenue	$ 55,857	$ 57,637	$ 61,301	$ 58,803
Gross profit	$ 28,429	$ 29,409	$ 30,362	$ 27,090
Net income (loss)	$ (3,179)	$ 1,350	$ 1,216	$ 1,222
Basic net income (loss) per share	$ (0.06)	$ 0.02	$ 0.02	$ 0.02
Diluted net income (loss) per share	$ (0.06)	$ 0.02	$ 0.02	$ 0.02
Shares used in basic per share calculation	54,625	55,064	55,724	56,238
Shares used in diluted per share calculation	54,625	58,267	58,772	59,324

15. Subsequent Events

On August 6, 2010, Best Medical filed an additional lawsuit against the Company in the U.S. District Court for the Western District of Pennsylvania, claiming the Company has infringed U.S. Patent No. 5,596,619, a patent that Best Medical alleges protects a method and apparatus for conformal radiation therapy. They are seeking declaratory and injunctive relief as well as unspecified compensatory and treble damages and other relief. At this time the Company does not have enough information to estimate what, if any, financial impact this claim will have.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

Item 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2010. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of the end of the period covered by our Annual Report on Form 10-K, our disclosure controls and procedures were effective in providing reasonable assurance that information we are required to disclose in reports that we file or submit under the Securities Exchange Act of 1934 is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure and that such information is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

(b) Internal Control over Financial Reporting

Management's Annual Report

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. Under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, management conducted an evaluation of the effectiveness of our internal control over financial reporting based upon the framework in "Internal Control—Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of June 30, 2010, based upon the framework in "Internal Control—Integrated Framework".

Grant Thornton LLP, an independent registered public accounting firm, has audited the consolidated financial statements included in this Annual Report on Form 10-K and, as part of the audit, has issued a report, included herein, on the effectiveness of our internal controls over financial reporting as of June 30, 2010.

Inherent Limitations of Internal Controls

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Accuray Incorporated

We have audited Accuray Incorporated and subsidiaries' (the "Company") internal control over financial reporting as of June 30, 2010, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Accuray Incorporated and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of June 30, 2010, based on criteria established in *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the accompanying consolidated balance sheets of Accuray Incorporated and subsidiaries as of June 30, 2010 and 2009 and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended June 30, 2010, and our report dated August 31, 2010, expressed an unqualified opinion thereon.

/s/ GRANT THORNTON LLP
San Francisco, California
August 31, 2010

Item 9B. OTHER INFORMATION

Not applicable.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors, Executive Officers and Corporate Governance

The information in our 2010 Proxy Statement regarding Directors and Executive officers appearing under the headings "Proposal One—Election of Directors," "Executive Officers" and "Section 16(a) Beneficial Ownership Reporting Compliance" is incorporated herein by reference.

In addition, the information in our 2010 Proxy Statement regarding the director nomination process, the Audit Committee financial expert and the identification of the Audit Committee members appearing under the heading "Corporate Governance and Board of Directors Matters" is incorporated herein by reference.

There have been no material changes to the procedures by which stockholders may recommend nominees to our Board of Directors.

Code of Conduct and Ethics

We have adopted a Code of Conduct and Ethics that applies to all employees including our principal executive officer and principal financial officer. The full texts of our codes of business conduct and ethics are posted on our website at *www.accuray.com* under the Investor Relations section. The inclusion of our web site address in this report does not include or incorporate by reference the information on our web site into this report.

Item 11. EXECUTIVE COMPENSATION

The information in our 2010 Proxy Statement appearing under the headings "Executive Compensation," "Compensation Committee Report," "Compensation Discussion and Analysis," "Compensation of Non-Employee Directors" and "Compensation Committee Interlocks and Insider Information" is incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information in our 2010 Proxy Statement appearing under the heading "Security Ownership of Certain Beneficial Owners and Management" is incorporated herein by reference.

Equity Compensation Plan Information

The following table sets forth as of June 30, 2010 certain information regarding our equity compensation plans. All of our equity compensation plans have been approved by our security holders.

	A	B	C
Plan category	Number of securities to be issued upon exercise of outstanding options, warrants, and rights	Weighted-average exercise price of outstanding options, warrants, and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in Column A)(1)
Equity compensation plans approved by security holders	7,808,591	$ 6.03	3,038,641
Equity compensation plans not approved by security holders	—	—	—
Total	7,808,591	$ 6.03	3,038,641

(1) Includes securities to be issued upon vesting of 464,186 restricted stock units at a grant date fair value of $12.52.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information in our 2010 Proxy Statement appearing under the headings "Certain Relationships and Related Party Transactions" and "Corporate Governance—Director Independence" is incorporated herein by reference.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information in our 2010 Proxy Statement appearing under the headings "Proposal Two—Ratification of Appointment of Independent Registered Public Accounting Firm—Audit and Non-Audit Services" and "Proposal Two—Ratification of Appointment of Independent Registered Public Accounting Firm—Audit Committee Pre-Approval Policies and Procedures" is incorporated herein by reference.

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) We have the filed the following documents as part of this report:

1. **Consolidated Financial Statements** (as set forth in Item 8)

2. **Financial Statement Schedule**

SCHEDULE II
Valuation and Qualifying Accounts

	Beginning Balance	Charges (Deductions) to Operations	Write-offs	Ending Balance
Accounts receivable allowances				
Year ended June 30, 2008	$ 20	30	(23)	$ 27
Year ended June 30, 2009	$ 27	496	(39)	$ 484
Year ended June 30, 2010	$ 484	(358)	(11)	$ 115

All other schedules have been omitted because they are not required, not applicable, or the required information is otherwise included.

3. **Exhibits**

The following exhibits are incorporated by reference or filed herewith.

Exhibit No.	
2.1	Agreement and Plan of Merger of Accuray Incorporated, a Delaware Corporation, and Accuray Incorporated, a California Corporation, dated as of February 3, 2007.(1)
3.2	Amended and Restated Certificate of Incorporation of Registrant.(1)
3.4	Amended and Restated Bylaws of Registrant.(1)
4.2	Investors' Rights Agreement dated October 30, 2006 by and between Registrant and purchasers of Series A Preferred Stock, Series A1 Preferred Stock, Series B Preferred Stock and Series C Preferred Stock and certain holders of common stock.(1)
4.3	Form of Common Stock Certificate.(1)
10.1	Industrial Complex Lease dated July 14, 2003 by and between Registrant and MP Caribbean, Inc., as amended by the First Amendment to Industrial Complex Lease effective as of December 9, 2004 and the Second Amendment to Industrial Complex Lease effective as of September 25, 2006.(1)

10.1(a) Third Amendment to Industrial Complex Lease dated January 16, 2007.(2)

Exhibit No.	
10.2	Fourth Amendment to Industrial Complex Lease, dated September 18, 2007, by and between the Registrant and BRCP Caribbean Portfolio, LLC.(3)
10.3	Fifth Amendment to Industrial Complex Lease, dated April 1, 2008, by and between the Registrant and BRCP Caribbean Portfolio, LLC.(3)
10.4	Sixth Amendment to Industrial Complex Lease, dated December 18, 2009, by and between the Registrant and I & G Caribbean, Inc.(3)
10.5	Standard Industrial Lease effective as of June 30, 2005 by and between Registrant and The Realty Associates Fund III, L.P.(1)
10.6*	Accuray Incorporated 1993 Stock Option Plan and forms of agreements relating thereto.(1)
10.7*	Accuray Incorporated 1998 Equity Incentive Plan and forms of agreements relating thereto.(1)
10.8*	Accuray Incorporated 2007 Incentive Award Plan and forms of agreements relating thereto.
10.9*	Accuray Incorporated 2007 Employee Stock Purchase Plan and forms of agreements relating thereto.(1)
10.10*	Form of Indemnification Agreement by and between Registrant and each of its directors and executive officers.(4)
10.11*	Amended and Restated Employment Terms Letter dated October 22, 2008 by and between Registrant and Euan S. Thomson, Ph.D.(5)
10.12*	Amended and Restated Employment Terms Letter dated October 22, 2008 by and between Registrant and Chris A. Raanes.(5)
10.13*	Amended and Restated Employment Terms Letter dated October 22, 2008 by and between Registrant and Eric Lindquist.(5)
10.14*	Amended and Restated Employment Terms Letter dated October 22, 2008 by and between Registrant and Wade Hampton.(5)
10.15	Assignment & Assumption of License and Consent by Supplier effective as of January 10, 2005 by and among Registrant, American Science and Engineering, Inc., Yuri Batygin, and Anatoliy Zapreier.(1)
10.16	Nonexclusive End-User Software License Agreement dated September 9, 2005 by and between Registrant and The Regents of the University of California.(1)
10.17	License Agreement effective as of July 9, 1997 by and between Registrant and The Board of Trustees of the Leland Stanford Junior University.(1)
10.18	Non-Exclusive System Partner Agreement effective as of September 23, 2005 by and between Registrant and KUKA Robotics Corporation.(1)
10.19	Asset Purchase Agreement effective as of December 12, 2004 by and between the Registrant and American Science and Engineering, Inc.(1)
10.20	Exclusive Manufacturing Agreement effective as of November 29, 2006 by and between the Registrant and Forte Automation Systems, Inc.(1)

10.21† Patent and Trademark License Agreement effective as of November 29, 2006 by and between the Registrant and Forte Automation Systems, Inc.(1)

Exhibit No.	
10.22**	License and Development Agreement dated April 27, 2007 by and between the Registrant and CyberHeart, Inc.(2)
10.23	Independent Contractor Agreement effective as of April 1, 2009 by and between Registrant and John R. Adler, M.D.(4)
10.24*	Amended and Restated Employment Terms Letter effective as of October 22, 2008 by and between Registrant and Theresa Dadone.(5)
10.25*	Employment Terms Letter dated December 1, 2008 by and between Registrant and Derek Bertocci.(4)
10.26*	Amended and Restated Employment Terms Letter dated October 22, 2008 by and between Registrant and Holly Grey.(5)
10.27	UBS Repurchase Offer by and between the Company and UBS Financial Services Inc., dated November 12, 2008.(5)
10.28*	Employment Letter Agreement dated May 18, 2009 by and between Registrant and Darren J. Milliken.(4)
10.29*	General Release and Separation Agreement dated December 11, 2009, by and between Registrant and Wade Hampton.(3)
10.30**	Strategic Alliance Agreement, dated June 8, 2010, by and between the Registrant and Siemens Aktiengesellschaft.
10.31**	Multiple Linac and Multi-Modality Distributor Agreement dated June 8, 2010, by and between the Registrant and Siemens Aktiengesellschaft.
10.32*	Accuray Incorporated Performance Bonus Plan.
21.1	List of subsidiaries.
23.1	Consent of Grant Thornton LLP, independent registered public accounting firm.
24.1	Power of Attorney (incorporated by reference to the signature page of this annual report on Form 10-K).
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(1) Incorporated by reference to Registrant's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on February 7, 2007 (No. 333-138622).

(2) Incorporated by reference to Registrant's Form 10-K for the fiscal year ended June 30, 2007 filed with the Securities and Exchange Commission on September 4, 2007.

(3) Incorporated by reference to Registrant's Form 10-Q for the fiscal quarter ended December 31, 2009 filed with the Securities and Exchange Commission on February 4, 2010.

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* Management contract or compensatory plan or arrangement.

** Portions of the exhibit have been omitted pursuant to a request for confidential treatment. The omitted information has been filed separately with the Securities and Exchange Commission.

† Portions of the exhibit have been omitted pursuant to a request for confidential treatment, which has been granted. The omitted information has been filed separately with the Securities and Exchange Commission.

The certifications attached as Exhibit 32.1 and Exhibit 32.2 that accompany this Annual Report on Form 10-K are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Accuray Incorporated under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date of this Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, in the City of Sunnyvale, State of California, on the 31st day of August 2010.

ACCURAY INCORPORATED

By: /s/ EUAN S. THOMSON, PH.D.

Euan S. Thomson, Ph.D.
President and Chief Executive Officer

By: /s/ DEREK BERTOCCI

Derek Bertocci
Senior Vice President and Chief Financial Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below constitutes and appoints Euan S. Thomson, Ph.D. and Derek Bertocci, and each of them, as his true and lawful attorneys-in-fact and agents, with full power of substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite and necessary to be done therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and any of them or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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

Signature	Title	Date
/s/ EUAN S. THOMSON, PH.D Euan S. Thomson, Ph.D	President and Chief Executive Officer and Director (principal executive officer)	August 24, 2010
/s/ DEREK BERTOCCI Derek Bertocci	Senior Vice President, Chief Financial Officer (principal financial and accounting officer)	August 24, 2010
/s/ LOUIS J. LAVIGNE, JR. Louis J. Lavigne, Jr.	Chairperson of the Board and Director	August 27, 2010

Signature	Title	Date
/s/ ELIZABETH DÁVILA Elizabeth Dávila	Vice Chairperson of the Board and Director	August 24, 2010
/s/ PETER FINE Peter Fine	Director	August 30, 2010
/s/ JACK GOLDSTEIN Jack Goldstein	Director	August 24, 2010
/s/ ROBERT S. WEISS Robert S. Weiss	Director	August 24, 2010
/s/ DENNIS WINGER Dennis Winger	Director	August 27, 2010
/s/ WAYNE WU Wayne Wu	Director	August 24, 2010

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The certifications attached as Exhibit 32.1 and Exhibit 32.2 that accompany this Annual Report on Form 10-K are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Accuray Incorporated under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date of this Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

2007 INCENTIVE AWARD PLAN

ARTICLE 1.

PURPOSE

The purpose of the Accuray Incorporated 2007 Incentive Award Plan (the "Plan") is to promote the success and enhance the value of Accuray Incorporated by linking the personal interests of the members of the Board, Employees, and Consultants to those of Company stockholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to Company stockholders. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of members of the Board, Employees, and Consultants upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent.

ARTICLE 2.

DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 "Award" means an Option, a Restricted Stock award, a Stock Appreciation Right award, a Performance Share award, a Performance Stock Unit award, a Dividend Equivalents award, a Stock Payment award, a Deferred Stock award, a Restricted Stock Unit award, a Performance Bonus Award, or a Performance-Based Award granted to a Participant pursuant to the Plan.

2.2 "Award Agreement" means any written agreement, contract, or other instrument or document evidencing an Award, including through electronic medium.

2.3 "Board" means the Board of Directors of the Company.

2.4 "Change in Control" means and includes each of the following:

(a) A transaction or series of transactions (other than an offering of Stock to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than the Company, any of its subsidiaries, an employee benefit plan maintained by the Company or any of its subsidiaries or a "person" that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company

possessing more than 50% of the total combined voting power of the Company's securities outstanding immediately after such acquisition; or

(b) During any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in Section 2.4(a) hereof or Section 2.4(c) hereof) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(c) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(i) Which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "Successor Entity")) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(ii) After which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; *provided, however,* that no person or group shall be treated for purposes of this Section 2.4(c)(ii) as beneficially owning 50% or more of combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; or

(d) The Company's stockholders approve a liquidation or dissolution of the Company.

2.5 "Code" means the Internal Revenue Code of 1986, as amended.

2.6 "Committee" means the committee of the Board described in Article 12 hereof.

2.7 "Company" means Accuray Incorporated, a California corporation, or any successor corporation (including, without limitation, the surviving corporation in any consolidation, merger or reincorporation effected exclusively to change the domicile of the Company).

2.8 "Consultant" means any consultant or adviser if: (a) the consultant or adviser renders bona fide services to the Company or any Subsidiary; (b) the services rendered by the consultant or adviser are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities; and (c) the consultant or adviser is a natural person who has contracted directly with the Company or any Subsidiary to render such services.

2.9 "Covered Employee" means an Employee who is, or could be, a "covered employee" within the meaning of Section 162(m) of the Code.

2.10 "Deferred Stock" means a right to receive a specified number of shares of Stock during specified time periods pursuant to Section 8.5 hereof.

2.11 "Disability" means that the Participant qualifies to receive long-term disability payments under the Company's long-term disability insurance program, as it may be amended from time to time.

2.12 "Dividend Equivalents" means a right granted to a Participant pursuant to Section 8.3 hereof to receive the equivalent value (in cash or Stock) of dividends paid on Stock.

2.13 "Effective Date" shall have the meaning set forth in Section 13.1 hereof.

2.14 "Eligible Individual" means any person who is an Employee, a Consultant or an Independent Director, as determined by the Committee.

2.15 "Employee" means any officer or other employee (as defined in accordance with Section 3401(c) of the Code) of the Company or any Subsidiary.

2.16 "Exchange Act" means the Securities Exchange Act of 1934, as amended.

2.17 "Fair Market Value" means, as of any given date, (a) if Stock is traded on an exchange, the closing price of a share of Stock as reported in the *Wall Street Journal* (or such other source as the Company may deem reliable for such purposes) for such date, or if no sale occurred on such date, the first trading date immediately prior to such date during which a sale occurred; or (b) if Stock is not traded on an exchange but is quoted on a quotation system, the mean between the closing representative bid and asked prices for the Stock on such date, or if no sale occurred on such date, the first date immediately prior to such date on which sales prices or bid and asked prices, as applicable, are reported by such quotation system; or (c) if Stock is not publicly traded, the fair market value established by the Committee acting in good faith.

2.18 "Incentive Stock Option" means an Option that is intended to meet the requirements of Section 422 of the Code or any successor provision thereto.

2.19 "Independent Director" means a member of the Board who is not an Employee of the Company.

2.20 "Non-Employee Director" means a member of the Board who qualifies as a "Non-Employee Director" as defined in Rule 16b-3(b)(3) under the Exchange Act, or any successor rule.

2.21 "Non-Qualified Stock Option" means an Option that is not intended to be an Incentive Stock Option.

2.22 "Option" means a right granted to a Participant pursuant to Article 5 hereof to purchase a specified number of shares of Stock at a specified price during specified time periods. An Option may be either an Incentive Stock Option or a Non-Qualified Stock Option.

2.23 "Participant" means any Eligible Individual who, as a member of the Board, Consultant or Employee, has been granted an Award pursuant to the Plan.

2.24 "Performance-Based Award" means an Award granted to selected Covered Employees pursuant to Section 8.7 hereof, but which is subject to the terms and conditions set forth in Article 9 hereof. All Performance-Based Awards are intended to qualify as Qualified Performance-Based Compensation.

2.25 "Performance Bonus Award" has the meaning set forth in Section 8.7 hereof.

2.26 "Performance Criteria" means the criteria that the Committee selects for purposes of establishing the Performance Goal or Performance Goals for a Participant for a Performance Period. The Performance Criteria that will be used to establish Performance Goals are limited to the following: net earnings (either before or after interest, taxes, depreciation and amortization), economic value-added, sales or revenue, net income (either before or after taxes), operating earnings, cash flow (including, but not limited to, operating cash flow and free cash flow), cash flow return on capital, return on net assets, return on stockholders' equity, return on assets, return on capital, stockholder returns, return on sales, gross or net profit margin, productivity, expense, margins, operating efficiency, customer satisfaction, working capital, earnings per share, price per share of Stock, and market share, any of which may be measured either in absolute terms or as compared to any incremental increase or as compared to results of a peer group. The Committee shall define in an objective fashion the manner of calculating the Performance Criteria it selects to use for such Performance Period for such Participant.

2.27 "Performance Goals" means, for a Performance Period, the goals established in writing by the Committee for the Performance Period based upon the Performance Criteria. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance or the performance of a division, business unit, or an individual. The Committee, in its discretion, may, within the time prescribed by Section 162(m) of the Code, adjust or modify the calculation of Performance Goals for such Performance Period in order to prevent the dilution or enlargement of the rights of Participants (a) in the event of, or in anticipation of, any unusual or extraordinary corporate item, transaction, event, or development, or (b) in recognition of, or in anticipation of, any other unusual or nonrecurring events affecting the Company, or the financial statements of

the Company, or in response to, or in anticipation of, changes in applicable laws, regulations, accounting principles, or business conditions.

2.28 "Performance Period" means the one or more periods of time, which may be of varying and overlapping durations, as the Committee may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant's right to, and the payment of, a Performance-Based Award.

2.29 "Performance Share" means a right granted to a Participant pursuant to Section 8.1 hereof, to receive Stock, the payment of which is contingent upon achieving certain Performance Goals or other performance-based targets established by the Committee.

2.30 "Performance Stock Unit" means a right granted to a Participant pursuant to Section 8.2 hereof, to receive Stock, the payment of which is contingent upon achieving certain Performance Goals or other performance-based targets established by the Committee.

2.31 "Plan" means this Accuray Incorporated 2007 Incentive Award Plan, as it may be amended from time to time.

2.32 "Public Trading Date" means the first date upon which Stock is listed (or approved for listing) upon notice of issuance on any securities exchange or designated (or approved for designation) upon notice of issuance as a national market security on an interdealer quotation system.

2.33 "Qualified Performance-Based Compensation" means any compensation that is intended to qualify as "qualified performance-based compensation" as described in Section 162(m)(4)(C) of the Code.

2.34 "Restricted Stock" means Stock awarded to a Participant pursuant to Article 6 hereof that is subject to certain restrictions and may be subject to risk of forfeiture.

2.35 "Restricted Stock Unit" means an Award granted pursuant to Section 8.6 hereof.

2.36 "Securities Act" shall mean the Securities Act of 1933, as amended.

2.37 "Stock" means the common stock of the Company, no par value per share. "Stock" shall also include (i) the common stock of the surviving corporation in any consolidation, merger or reincorporation effected exclusively to change the domicile of the Company and (ii) such other securities of the Company that may be substituted for Stock pursuant to Article 11 hereof.

2.38 "Stock Appreciation Right" or "SAR" means a right granted pursuant to Article 7 hereof to receive a payment equal to the excess of the Fair Market Value of a specified number of shares of Stock on the date the SAR is exercised over the Fair Market Value on the date the SAR was granted as set forth in the applicable Award Agreement.

2.39 "Stock Payment" means (a) a payment in the form of shares of Stock, or (b) an option or other right to purchase shares of Stock, as part of any bonus, deferred compensation or other arrangement, made in lieu of all or any portion of the compensation, granted pursuant to Section 8.4 hereof.

2.40 "Subsidiary" means any "subsidiary corporation" as defined in Section 424(f) of the Code and any applicable regulations promulgated thereunder or any other entity of which a majority of the outstanding voting stock or voting power is beneficially owned directly or indirectly by the Company.

ARTICLE 3.

SHARES SUBJECT TO THE PLAN

3.1 Number of Shares.

(a) Subject to Article 11 hereof and Section 3.1(b) hereof, the aggregate number of shares of Stock which may be issued or transferred pursuant to Awards under the Plan is 4,500,000. In addition to the foregoing, subject to Article 11 hereof, commencing on July 1, 2008 and on the first day of each fiscal year of the Company thereafter during the term of the Plan, the aggregate number of shares of Stock which may be issued or transferred pursuant to Awards under the Plan shall be increased by that number of shares of Stock equal to the least of (i) three percent (3%) of the Company's outstanding shares on such date, (ii) 1,500,000 shares, or (iii) a lesser amount determined by the Board.

(b) To the extent that an Award terminates, expires, or lapses for any reason, any shares of Stock subject to the Award shall again be available for the grant of an Award pursuant to the Plan. To the extent permitted by applicable law or any exchange rule, shares of Stock issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form of combination by the Company or any Subsidiary shall not be counted against shares of Stock available for grant pursuant to this Plan. To the extent that a SAR is exercised for or settled in Stock, only the actual number of shares issued upon such exercise or settlement shall be counted for purposes of calculating the aggregate number of shares of Stock available for issuance under the Plan as set forth in Section 3.1(a). To the extent that a SAR is exercised for or settled in cash, no shares underlying such SAR shall be counted for purposes of calculating the aggregate number of shares of Stock available for issuance under the Plan as set forth in Section 3.1(a). The payment of Dividend Equivalents in cash in conjunction with any outstanding Awards shall not be counted against the shares available for issuance under the Plan. Notwithstanding the provisions of this Section 3.1(b), no shares of Stock may again be optioned, granted or awarded if such action would cause an Incentive Stock Option to fail to qualify as an incentive stock option under Section 422 of the Code.

3.2 Stock Distributed. Any Stock distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Stock, treasury Stock or Stock purchased on the open market.

3.3 Limitation on Number of Shares Subject to Awards. Notwithstanding any provision in the Plan to the contrary, and subject to Article 11 hereof, the maximum number of shares of Stock with respect to one or more Awards that may be granted to any one Participant during any calendar year shall be 500,000 and the maximum amount that may be paid in cash during any calendar year with respect to any Performance-Based Award (including, without limitation, any Performance Bonus Award) shall be $1,000,000; *provided, however,* that the foregoing limitations shall not apply prior to the Public Trading Date and, following the Public Trading Date, the foregoing limitations shall not apply until the earliest of: (a) the first material modification of the Plan (including any increase in the number of shares reserved for issuance under the Plan in accordance with Section 3.1 hereof); (b) the issuance of all of the shares of Stock reserved for issuance under the Plan; (c) the expiration of the Plan; (d) the first meeting of stockholders at which members of the Board are to be elected that occurs after the close of the third calendar year following the calendar year in which occurred the first registration of an equity security of the Company under Section 12 of the Exchange Act; or (e) such other date required by Section 162(m) of the Code and the rules and regulations promulgated thereunder.

ARTICLE 4.

ELIGIBILITY AND PARTICIPATION

4.1 Eligibility. Each Eligible Individual shall be eligible to be granted one or more Awards pursuant to the Plan.

4.2 Participation. Subject to the provisions of the Plan, the Committee may, from time to time, select from among all Eligible Individuals, those to whom Awards shall be granted and shall determine the nature and amount of each Award. No Eligible Individual shall have any right to be granted an Award pursuant to this Plan.

4.3 Foreign Participants. Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in other countries in which the Company and its Subsidiaries operate or have Eligible Individuals, the Committee, in its sole discretion, shall have the power and authority to: (i) determine which Subsidiaries shall be covered by the Plan; (ii) determine which Eligible Individuals outside the United States are eligible to participate in the Plan; (iii) modify the terms and conditions of any Award granted to Eligible Individuals outside the United States to comply with applicable foreign laws; (iv) establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable (any such subplans and/or modifications shall be attached to this Plan as appendices); *provided, however*, that no such subplans and/or modifications shall increase the share limitations contained in Sections 3.1 and 3.3 hereof; and (v) take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals. Notwithstanding the foregoing, the

Committee may not take any actions hereunder, and no Awards shall be granted, that would violate the Exchange Act, the Code, any securities law or governing statute or any other applicable law.

ARTICLE 5.

STOCK OPTIONS

5.1 General. The Committee is authorized to grant Options to Participants on the following terms and conditions:

(a) Exercise Price. The exercise price per share of Stock subject to an Option shall be determined by the Committee and set forth in the Award Agreement; *provided*, that, subject to Section 5.2(c) hereof, the per share exercise price for any Option shall not be less than 100% of the Fair Market Value of a share of Stock on the date of grant.

(b) Time and Conditions of Exercise. The Committee shall determine the time or times at which an Option may be exercised in whole or in part; *provided* that the term of any Option granted under the Plan shall not exceed ten years. The Committee shall also determine the performance or other conditions, if any, that must be satisfied before all or part of an Option may be exercised.

(c) Payment. The Committee shall determine the methods by which the exercise price of an Option may be paid, the form of payment, including, without limitation: (i) cash, (ii) shares of Stock held for such period of time as may be required by the Committee in order to avoid adverse accounting consequences and having a fair market value on the date of delivery equal to the aggregate exercise price of the Option or exercised portion thereof, or (iii) other property acceptable to the Committee (including through the delivery of a notice that the Participant has placed a market sell order with a broker with respect to shares of Stock then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price; *provided* that payment of such proceeds is then made to the Company upon settlement of such sale), and the methods by which shares of Stock shall be delivered or deemed to be delivered to Participants. Notwithstanding any other provision of the Plan to the contrary, after the Public Trading Date, no Participant who is a member of the Board or an "executive officer" of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to pay the exercise price of an Option, or continue any extension of credit with respect to the exercise price of an Option with a loan from the Company or a loan arranged by the Company in violation of Section 13(k) of the Exchange Act.

(d) Evidence of Grant. All Options shall be evidenced by an Award Agreement between the Company and the Participant. The Award Agreement shall include such additional provisions as may be specified by the Committee.

5.2 Incentive Stock Options. Incentive Stock Options shall be granted only to Employees and the terms of any Incentive Stock Options granted pursuant to the Plan, in addition to the requirements of Section 5.1 hereof, must comply with the provisions of this Section 5.2.

(a) Expiration. Subject to Section 5.2(c) hereof, an Incentive Stock Option shall expire and may not be exercised to any extent by anyone after the first to occur of the following events:

(i) Ten years from the date it is granted, unless an earlier time is set in the Award Agreement;

(ii) Three months after the Participant's termination of employment as an Employee other than by reason of the Participant's death or Disability; and

(iii) One year after the date of the Participant's termination of employment or service on account of Disability or death. Upon the Participant's Disability or death, any Incentive Stock Options exercisable at the Participant's Disability or death may be exercised by the Participant's legal representative or representatives, by the person or persons entitled to do so pursuant to the Participant's last will and testament, or, if the Participant fails to make testamentary disposition of such Incentive Stock Option or dies intestate, by the person or persons entitled to receive the Incentive Stock Option pursuant to the applicable laws of descent and distribution.

(b) Dollar Limitation. The aggregate Fair Market Value (determined as of the time the Option is granted) of all shares of Stock with respect to which Incentive Stock Options are first exercisable by a Participant in any calendar year may not exceed $100,000 or such other limitation as imposed by Section 422(d) of the Code, or any successor provision. To the extent that Incentive Stock Options are first exercisable by a Participant in excess of such limitation, the excess shall be considered Non-Qualified Stock Options.

(c) Ten Percent Owners. An Incentive Stock Option may not be granted to any individual who, at the date of grant, owns stock possessing more than ten percent of the total combined voting power of all classes of Stock of the Company unless such Option is granted at a price that is not less than 110% of Fair Market Value on the date of grant and the Option is exercisable for no more than five years from the date of grant.

(d) Notice of Disposition. The Participant shall give the Company prompt notice of any disposition of shares of Stock acquired by exercise of an Incentive Stock Option within (i) two years from the date of grant of such Incentive Stock Option or (ii) one year after the transfer of such shares of Stock to the Participant.

(e) Right to Exercise. Except as set forth in Section 5.2(a)(iii) above, during a Participant's lifetime, an Incentive Stock Option may be exercised only by the Participant.

(f) Failure to Meet Requirements. Any Option (or portion thereof) purported to be an Incentive Stock Option, which, for any reason, fails to meet the requirements of Section 422 of the Code shall be considered a Non-Qualified Stock Option.

ARTICLE 6.

RESTRICTED STOCK AWARDS

6.1 Grant of Restricted Stock. The Committee is authorized to make Awards of Restricted Stock to any Participant selected by the Committee in such amounts and subject to such terms and conditions as determined by the Committee. All Awards of Restricted Stock shall be evidenced by an Award Agreement.

6.2 Issuance and Restrictions. Restricted Stock shall be subject to such restrictions on transferability and other restrictions as the Committee may impose (including, without limitation, limitations on the right to vote Restricted Stock or the right to receive dividends on the Restricted Stock). These restrictions may lapse separately or in combination at such times, pursuant to such circumstances, in such installments, or otherwise, as the Committee determines at the time of the grant of the Award or thereafter.

6.3 Forfeiture. Except as otherwise determined by the Committee at the time of the grant of the Award or thereafter, upon termination of employment or service during the applicable restriction period, Restricted Stock that is at that time subject to restrictions shall be forfeited; *provided, however*, that, the Committee may (a) provide in any Restricted Stock Award Agreement that restrictions or forfeiture conditions relating to Restricted Stock will lapse in whole or in part in the event of terminations resulting from specified causes, and (b) provide in other cases for the lapse in whole or in part of restrictions or forfeiture conditions relating to Restricted Stock.

6.4 Certificates for Restricted Stock. Restricted Stock granted pursuant to the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing shares of Restricted Stock are registered in the name of the Participant, certificates must bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock, and the Company may, at its discretion, retain physical possession of the certificate until such time as all applicable restrictions lapse.

ARTICLE 7.

STOCK APPRECIATION RIGHTS

7.1 Grant of Stock Appreciation Rights.

(a) A Stock Appreciation Right may be granted to any Participant selected by the Committee. A Stock Appreciation Right shall be subject to such terms and conditions not

inconsistent with the Plan as the Committee shall impose and shall be evidenced by an Award Agreement.

(b) A Stock Appreciation Right shall entitle the Participant (or other person entitled to exercise the Stock Appreciation Right pursuant to the Plan) to exercise all or a specified portion of the Stock Appreciation Right (to the extent then exercisable pursuant to its terms) and to receive from the Company an amount equal to the product of (i) the excess of (A) the Fair Market Value of the Stock on the date the Stock Appreciation Right is exercised over (B) the Fair Market Value of the Stock on the date the Stock Appreciation Right was granted and (ii) the number of shares of Stock with respect to which the Stock Appreciation Right is exercised, subject to any limitations the Committee may impose.

7.2 Payment and Limitations on Exercise.

(a) Subject to Section 7.2(b) below, payment of the amounts determined under Sections 7.1(b) above shall be in cash, in Stock (based on its Fair Market Value as of the date the Stock Appreciation Right is exercised) or a combination of both, as determined by the Committee in the Award Agreement.

(b) To the extent any payment under Section 7.1(b) hereof is effected in Stock, it shall be made subject to satisfaction of all provisions of Article 5 above pertaining to Options.

ARTICLE 8.

OTHER TYPES OF AWARDS

8.1 Performance Share Awards. Any Participant selected by the Committee may be granted one or more Performance Share awards which shall be denominated in a number of shares of Stock and which may be linked to any one or more of the Performance Criteria or other specific performance criteria determined appropriate by the Committee, in each case on a specified date or dates or over any period or periods determined by the Committee. In making such determinations, the Committee shall consider (among such other factors as it deems relevant in light of the specific type of award) the contributions, responsibilities and other compensation of the particular Participant.

8.2 Performance Stock Units. Any Participant selected by the Committee may be granted one or more Performance Stock Unit awards which shall be denominated in unit equivalent of shares of Stock and/or units of value including dollar value of shares of Stock and which may be linked to any one or more of the Performance Criteria or other specific performance criteria determined appropriate by the Committee, in each case on a specified date or dates or over any period or periods determined by the Committee. In making such determinations, the Committee shall consider (among such other factors as it deems relevant in light of the specific type of award) the contributions, responsibilities and other compensation of the particular Participant.

8.3 Dividend Equivalents.

(a) Any Participant selected by the Committee may be granted Dividend Equivalents based on the dividends declared on the shares of Stock that are subject to any Award, to be credited as of dividend payment dates, during the period between the date the Award is granted and the date the Award is exercised, vests or expires, as determined by the Committee. Such Dividend Equivalents shall be converted to cash or additional shares of Stock by such formula and at such time and subject to such limitations as may be determined by the Committee.

(b) Dividend Equivalents granted with respect to Options or SARs that are intended to be Qualified Performance-Based Compensation shall be payable, with respect to pre-exercise periods, regardless of whether such Option or SAR is subsequently exercised.

8.4 Stock Payments. Any Participant selected by the Committee may receive Stock Payments in the manner determined from time to time by the Committee; *provided*, that unless otherwise determined by the Committee such Stock Payments shall be made in lieu of base salary, bonus, or other cash compensation otherwise payable to such Participant. The number of shares shall be determined by the Committee and may be based upon the Performance Criteria or other specific performance criteria determined appropriate by the Committee, determined on the date such Stock Payment is made or on any date thereafter.

8.5 Deferred Stock. Any Participant selected by the Committee may be granted an award of Deferred Stock in the manner determined from time to time by the Committee. The number of shares of Deferred Stock shall be determined by the Committee and may be linked to the Performance Criteria or other specific performance criteria determined to be appropriate by the Committee, in each case on a specified date or dates or over any period or periods determined by the Committee. Stock underlying a Deferred Stock award will not be issued until the Deferred Stock award has vested, pursuant to a vesting schedule or performance criteria set by the Committee. Unless otherwise provided by the Committee, a Participant awarded Deferred Stock shall have no rights as a Company stockholder with respect to such Deferred Stock until such time as the Deferred Stock Award has vested and the Stock underlying the Deferred Stock Award has been issued.

8.6 Restricted Stock Units. The Committee is authorized to make Awards of Restricted Stock Units to any Participant selected by the Committee in such amounts and subject to such terms and conditions as determined by the Committee. At the time of grant, the Committee shall specify the date or dates on which the Restricted Stock Units shall become fully vested and nonforfeitable, and may specify such conditions to vesting as it deems appropriate. At the time of grant, the Committee shall specify the maturity date applicable to each grant of Restricted Stock Units which shall be no earlier than the vesting date or dates of the Award and may be determined at the election of the grantee. On the maturity date, the Company shall, subject to Section 10.5(b) hereof, transfer to the Participant one unrestricted, fully transferable share of Stock for each Restricted Stock Unit scheduled to be paid out on

such date and not previously forfeited.

8.7 Performance Bonus Awards. Any Participant selected by the Committee may be granted a cash bonus (a " Performance Bonus Award") payable upon the attainment of Performance Goals that are established by the Committee and relate to one or more of the Performance Criteria or other specific performance criteria determined to be appropriate by the Committee, in each case on a specified date or dates or over any period or periods determined by the Committee. Any such Performance Bonus Award paid to a Covered Employee may be a Performance-Based Award and be based upon objectively determinable bonus formulas established in accordance with Article 9 hereof.

8.8 Term. Except as otherwise provided herein, the term of any Award of Performance Shares, Performance Stock Units, Dividend Equivalents, Stock Payments, Deferred Stock or Restricted Stock Units shall be set by the Committee in its discretion.

8.9 Exercise or Purchase Price. The Committee may establish the exercise or purchase price, if any, of any Award of Performance Shares, Performance Stock Units, Deferred Stock, Stock Payments or Restricted Stock Units; *provided, however*, that such price shall not be less than the par value of a share of Stock on the date of grant, unless otherwise permitted by applicable state law.

8.10 Exercise upon Termination of Employment or Service. An Award of Performance Shares, Performance Stock Units, Dividend Equivalents, Deferred Stock, Stock Payments and Restricted Stock Units shall only be exercisable or payable while the Participant is an Employee, Consultant or a member of the Board, as applicable; *provided, however*, that the Committee in its sole and absolute discretion may provide that an Award of Performance Shares, Performance Stock Units, Dividend Equivalents, Stock Payments, Deferred Stock or Restricted Stock Units may be exercised or paid subsequent to a termination of employment or service, as applicable, or following a Change in Control of the Company, or because of the Participant's retirement, death or Disability, or otherwise; *provided, however*, that any such provision with respect to Performance Shares or Performance Stock Units shall be subject to the requirements of Section 162(m) of the Code that apply to Qualified Performance-Based Compensation.

8.11 Form of Payment. Payments with respect to any Awards granted under this Article 8 shall be made in cash, in Stock or a combination of both, as determined by the Committee.

8.12 Award Agreement. All Awards under this Article 8 shall be subject to such additional terms and conditions as determined by the Committee and shall be evidenced by an Award Agreement.

ARTICLE 9.

PERFORMANCE-BASED AWARDS

9.1 Purpose. The purpose of this Article 9 is to provide the Committee the ability to qualify Awards other than Options and SARs and that are granted pursuant to Articles 6 and 8

hereof as Qualified Performance-Based Compensation. If the Committee, in its discretion, decides to grant a Performance-Based Award to a Covered Employee, the provisions of this Article 9 shall control over any contrary provision contained in Articles 6 or 8 hereof; *provided, however*, that the Committee may in its discretion grant Awards to Covered Employees that are based on Performance Criteria or Performance Goals but that do not satisfy the requirements of this Article 9.

9.2 Applicability. This Article 9 shall apply only to those Covered Employees selected by the Committee to receive Performance-Based Awards. The designation of a Covered Employee as a Participant for a Performance Period shall not in any manner entitle the Participant to receive an Award for the period. Moreover, designation of a Covered Employee as a Participant for a particular Performance Period shall not require designation of such Covered Employee as a Participant in any subsequent Performance Period and designation of one Covered Employee as a Participant shall not require designation of any other Covered Employees as a Participant in such period or in any other period.

9.3 Procedures with Respect to Performance-Based Awards. To the extent necessary to comply with the Qualified Performance-Based Compensation requirements of Section 162(m)(4)(C) of the Code, with respect to any Award granted under Articles 6 or 8 hereof which may be granted to one or more Covered Employees, no later than ninety (90) days following the commencement of any fiscal year in question or any other designated fiscal period or period of service (or such other time as may be required or permitted by Section 162(m) of the Code), the Committee shall, in writing, (a) designate one or more Covered Employees, (b) select the Performance Criteria applicable to the Performance Period, (c) establish the Performance Goals, and amounts of such Awards, as applicable, which may be earned for such Performance Period, and (d) specify the relationship between Performance Criteria and the Performance Goals and the amounts of such Awards, as applicable, to be earned by each Covered Employee for such Performance Period. Following the completion of each Performance Period, the Committee shall certify in writing whether the applicable Performance Goals have been achieved for such Performance Period. In determining the amount earned by a Covered Employee, the Committee shall have the right to reduce or eliminate (but not to increase) the amount payable at a given level of performance to take into account additional factors that the Committee may deem relevant to the assessment of individual or corporate performance for the Performance Period.

9.4 Payment of Performance-Based Awards. Unless otherwise provided in the applicable Award Agreement, a Participant must be employed by the Company or a Subsidiary on the day a Performance-Based Award for such Performance Period is paid to the Participant. Furthermore, a Participant shall be eligible to receive payment pursuant to a Performance-Based Award for a Performance Period only if the Performance Goals for such period are achieved. In determining the amount earned under a Performance-Based Award, the Committee may reduce or eliminate the amount of the Performance-Based Award earned for the Performance Period, if in its sole and absolute discretion, such reduction or elimination is appropriate.

9.5 Additional Limitations. Notwithstanding any other provision of the Plan, any Award which is granted to a Covered Employee and is intended to constitute Qualified

Performance-Based Compensation shall be subject to any additional limitations set forth in Section 162(m) of the Code (including any amendment to Section 162(m) of the Code) or any regulations or rulings issued thereunder that are requirements for qualification as qualified performance-based compensation as described in Section 162(m)(4)(C) of the Code, and the Plan shall be deemed amended to the extent necessary to conform to such requirements.

ARTICLE 10.

PROVISIONS APPLICABLE TO AWARDS

10.1 Stand-Alone and Tandem Awards. Awards granted pursuant to the Plan may, in the discretion of the Committee, be granted either alone, in addition to, or in tandem with, any other Award granted pursuant to the Plan. Awards granted in addition to or in tandem with other Awards may be granted either at the same time as or at a different time from the grant of such other Awards.

10.2 Award Agreement. Awards under the Plan shall be evidenced by Award Agreements that set forth the terms, conditions and limitations for each Award which may include the term of an Award, the provisions applicable in the event the Participant's employment or service terminates, and the Company's authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an Award.

10.3 Limits on Transfer. No right or interest of a Participant in any Award may be pledged, encumbered, or hypothecated to or in favor of any party other than the Company or a Subsidiary, or shall be subject to any lien, obligation, or liability of such Participant to any other party other than the Company or a Subsidiary. Except as otherwise provided by the Committee, no Award shall be assigned, transferred, or otherwise disposed of by a Participant other than by will or the laws of descent and distribution. The Committee by express provision in the Award or an amendment thereto may permit an Award (other than an Incentive Stock Option) to be transferred to, exercised by and paid to certain persons or entities related to the Participant, including but not limited to members of the Participant's family, charitable institutions, or trusts or other entities whose beneficiaries or beneficial owners are members of the Participant's family and/or charitable institutions, or to such other persons or entities as may be expressly approved by the Committee, pursuant to such conditions and procedures as the Committee may establish. Any permitted transfer shall be subject to the condition that the Committee receive evidence satisfactory to it that the transfer is being made for estate and/or tax planning purposes (or to a "blind trust" in connection with the Participant's termination of employment or service with the Company or a Subsidiary to assume a position with a governmental, charitable, educational or similar non-profit institution) and on a basis consistent with the Company's lawful issue of securities.

10.4 Beneficiaries. Notwithstanding Section 10.3 hereof, a Participant may, in the manner determined by the Committee, designate a beneficiary to exercise the rights of the Participant and to receive any distribution with respect to any Award upon the Participant's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights

pursuant to the Plan is subject to all terms and conditions of the Plan and any Award Agreement applicable to the Participant, except to the extent the Plan and Award Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Committee. If the Participant is married and resides in a community property state, a designation of a person other than the Participant's spouse as his or her beneficiary with respect to more than 50% of the Participant's interest in the Award shall not be effective without the prior written consent of the Participant's spouse. If no beneficiary has been designated or survives the Participant, payment shall be made to the person entitled thereto pursuant to the Participant's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Participant at any time provided the change or revocation is filed with the Committee.

10.5 Stock Certificates; Book Entry Procedures.

(a) Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates evidencing shares of Stock pursuant to the exercise of any Award, unless and until the Board has determined, with advice of counsel, that the issuance and delivery of such certificates is in compliance with all applicable laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the shares of Stock are listed or traded. All Stock certificates delivered pursuant to the Plan are subject to any stop-transfer orders and other restrictions as the Committee deems necessary or advisable to comply with federal, state, or foreign jurisdiction, securities or other laws, rules and regulations and the rules of any national securities exchange or automated quotation system on which the Stock is listed, quoted, or traded. The Committee may place legends on any Stock certificate to reference restrictions applicable to the Stock. In addition to the terms and conditions provided herein, the Board may require that a Participant make such reasonable covenants, agreements, and representations as the Board, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements. The Committee shall have the right to require any Participant to comply with any timing or other restrictions with respect to the settlement or exercise of any Award, including a window-period limitation, as may be imposed in the discretion of the Committee.

(b) Notwithstanding any other provision of the Plan, unless otherwise determined by the Committee or required by any applicable law, rule or regulation, the Company shall not deliver to any Participant certificates evidencing shares of Stock issued in connection with any Award and instead such shares of Stock shall be recorded in the books of the Company (or, as applicable, its transfer agent or stock plan administrator).

10.6 Paperless Exercise. In the event that the Company establishes, for itself or using the services of a third party, an automated system for the exercise of Awards, such as a system using an internet website or interactive voice response, then the paperless exercise of Awards by a Participant may be permitted through the use of such an automated system.

10.7 Recoupment. Notwithstanding anything to the contrary set forth in the Plan or any Award Agreement, in the event of a restatement of incorrect financial results, the Board will

review the conduct of executive officers in relation to the restatement. If the Board determines that an executive officer has engaged in misconduct, or otherwise violated the Company's Code of Conduct and Ethics for Employees, Agents and Contractors, and that such misconduct or violation contributed to such restatement, then the Board may, in its discretion, take appropriate action to remedy the misconduct or violation, including, without limitation, seeking reimbursement of any portion of any performance-based or incentive compensation paid or awarded to the employee that is greater than would have been paid or awarded if calculated based on the restated financial results, to the extent not prohibited by governing law. For this purpose, the term "executive officer" means executive offers as defined by the Securities Exchange Act of 1934, as amended. Any such action by the Board would be in addition to any other actions the Board of the Company may take under the Company's policies, as modified from time to time, or any actions imposed by law enforcement, regulators or other authorities. If the Board takes any such action, Participants shall be required to reimburse the Company such amounts as directed by the Board, in its sole discretion.

ARTICLE 11.

CHANGES IN CAPITAL STRUCTURE

11.1 Adjustments.

(a) In the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of Stock or the share price of the Stock, the Committee shall make proportionate adjustments to any or all of the following in order to reflect such change: (a) the aggregate number and kind of shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Sections 3.1 and 3.3 hereof); (b) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and (c) the grant or exercise price per share for any outstanding Awards under the Plan. Any adjustment affecting an Award intended as Qualified Performance-Based Compensation shall be made consistent with the requirements of Section 162(m) of the Code.

(b) In the event of any transaction or event described in Section 11.1(a) hereof or any unusual or nonrecurring transactions or events affecting the Company, any affiliate of the Company, or the financial statements of the Company or any affiliate, or of changes in applicable laws, regulations or accounting principles, the Committee, in its sole and absolute discretion, and on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event and either automatically or upon the Participant's request, is hereby authorized to take any one or more of the following actions in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any Award under the Plan, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(i) To provide for either (A) termination of any such Award in exchange for an amount of cash, if any, equal to the amount that would have been attained upon the exercise of such Award or realization of the Participant's rights (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction or event described in this Section 11.1 the Committee determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Participant's rights, then such Award may be terminated by the Company without payment) or (B) the replacement of such Award with other rights or property selected by the Committee in its sole discretion;

(ii) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

(iii) To make adjustments in the number and type of shares of Stock (or other securities or property) subject to outstanding Awards, and in the number and kind of outstanding Restricted Stock or Deferred Stock and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding options, rights and awards and options, rights and awards which may be granted in the future;

(iv) To provide that such Award shall be exercisable or payable or fully vested with respect to all shares covered thereby, notwithstanding anything to the contrary in the Plan or the applicable Award Agreement; and

(v) To provide that the Award cannot vest, be exercised or become payable after such event.

11.2 Acceleration Upon a Change in Control. Notwithstanding Section 11.1 hereof, and except as may otherwise be provided in any applicable Award Agreement or other written agreement entered into between the Company and a Participant, if a Change in Control occurs and a Participant's Awards are not converted, assumed, or replaced by a successor entity, then immediately prior to the Change in Control such Awards shall become fully exercisable and all forfeiture restrictions on such Awards shall lapse. Upon, or in anticipation of, a Change in Control, the Committee may cause any and all Awards outstanding hereunder to terminate at a specific time in the future, including but not limited to the date of such Change in Control, and shall give each Participant the right to exercise such Awards during a period of time as the Committee, in its sole and absolute discretion, shall determine. In the event that the terms of any agreement between the Company or any Company subsidiary or affiliate and a Participant contains provisions that conflict with and are more restrictive than the provisions of this Section 11.2, this Section 11.2 shall prevail and control and the more restrictive terms of such agreement (and only such terms) shall be of no force or effect.

11.3 No Other Rights. Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of shares of stock of any class, the

payment of any dividend, any increase or decrease in the number of shares of stock of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Committee under the Plan, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of shares of Stock subject to an Award or the grant or exercise price of any Award.

ARTICLE 12.

ADMINISTRATION

12.1 Committee. Unless and until the Board delegates administration of the Plan to a Committee as set forth below, the Plan shall be administered by the full Board, and for such purposes the term "Committee" as used in this Plan shall be deemed to refer to the Board. The Board, at its discretion or as otherwise necessary to comply with the requirements of Section 162(m) of the Code, Rule 16b-3 promulgated under the Exchange Act or to the extent required by any other applicable rule or regulation, shall delegate administration of the Plan to a Committee. The Committee shall consist solely of two or more members of the Board each of whom is an "outside director," within the meaning of Section 162(m) of the Code, a Non-Employee Director and an "independent director" under the rules of The NASDAQ Global Market (or other principal securities market on which shares of Stock are traded), provided that any action taken by the Committee shall be valid and effective, whether or not members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership set forth in this Section 12.1 or otherwise provided in the charter of the Committee . Notwithstanding the foregoing: (a) the full Board, acting by a majority of its members in office, shall conduct the general administration of the Plan with respect to all Awards granted to Independent Directors and for purposes of such Awards the term "Committee" as used in this Plan shall be deemed to refer to the Board and (b) the Committee may delegate its authority hereunder to the extent permitted by Section 12.5 hereof. In its sole discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan except with respect to matters which under Rule 16b-3 under the Exchange Act or Section 162(m) of the Code, or any regulations or rules issued thereunder, are required to be determined in the sole discretion of the Committee. The governance of the Committee shall be subject to the charter of the Committee as approved by the Board.

12.2 Action by the Committee. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Subsidiary, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

12.3 Authority of Committee. Subject to any specific designation in the Plan, the Committee has the exclusive power, authority and discretion to:

(a) Designate Participants to receive Awards;

(b) Determine the type or types of Awards to be granted to each Participant;

(c) Determine the number of Awards to be granted and the number of shares of Stock to which an Award will relate;

(d) Determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, or purchase price, any reload provision, any restrictions or limitations on the Award, any schedule for lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, any provisions related to non-competition and recapture of gain on an Award, based in each case on such considerations as the Committee in its sole discretion determines; *provided, however*, that the Committee shall not have the authority to accelerate the vesting or waive the forfeiture of any Performance-Based Awards;

(e) Determine whether, to what extent, and pursuant to what circumstances an Award may be settled in, or the exercise price of an Award may be paid in, cash, Stock, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;

(f) Prescribe the form of each Award Agreement, which need not be identical for each Participant;

(g) Decide all other matters that must be determined in connection with an Award;

(h) Establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;

(i) Interpret the terms of, and any matter arising pursuant to, the Plan or any Award Agreement; and

(j) Make all other decisions and determinations that may be required pursuant to the Plan or as the Committee deems necessary or advisable to administer the Plan.

12.4 Decisions Binding. The Committee's interpretation of the Plan, any Awards granted pursuant to the Plan, any Award Agreement and all decisions and determinations by the Committee with respect to the Plan are final, binding, and conclusive on all parties.

12.5 Delegation of Authority. To the extent permitted by applicable law, the Committee may from time to time delegate to a committee of one or more members of the Board or one or more officers of the Company the authority to grant or amend Awards to Participants other than (a) senior executives of the Company who are subject to Section 16 of the Exchange Act, (b) Covered Employees, or (c) officers of the Company (or members of the Board) to whom authority to grant or amend Awards has been delegated hereunder. Any delegation hereunder shall be subject to the restrictions and limits that the Committee specifies at the time of such

delegation, and the Committee may at any time rescind the authority so delegated or appoint a new delegatee. At all times, the delegatee appointed under this Section 12.5 shall serve in such capacity at the pleasure of the Committee.

ARTICLE 13.

EFFECTIVE AND EXPIRATION DATE

13.1 Effective Date. The Plan is effective as of the date the Plan is approved by the Company's stockholders (the " Effective Date"). The Plan will be deemed to be approved by the stockholders if it receives the affirmative vote of the holders of a majority of the shares of stock of the Company in accordance with applicable law and the applicable provisions of the Company's bylaws.

13.2 Expiration Date. The Plan will expire on, and no Award may be granted pursuant to the Plan after, the tenth anniversary of the date the Plan is approved by the Board. Any Awards that are outstanding on the tenth anniversary of the Effective Date shall remain in force according to the terms of the Plan and the applicable Award Agreement.

ARTICLE 14.

AMENDMENT, MODIFICATION, AND TERMINATION

14.1 Amendment, Modification, and Termination. Subject to Section 15.14 hereof, with the approval of the Board, at any time and from time to time, the Committee may terminate, amend or modify the Plan; *provided, however*, that (a) to the extent necessary and desirable to comply with any applicable law, regulation, or stock exchange rule, the Company shall obtain stockholder approval of any Plan amendment in such a manner and to such a degree as required, and (b) stockholder approval shall be required for any amendment to the Plan that (i) increases the number of shares available under the Plan (other than any adjustment as provided by Article 11 hereof), (ii) permits the Committee to grant Options with an exercise price that is below Fair Market Value on the date of grant, or (iii) permits the Committee to extend the exercise period for an Option beyond ten years from the date of grant. Notwithstanding any provision in this Plan to the contrary, absent approval of the stockholders of the Company, no Option may be amended to reduce the per share exercise price of the shares subject to such Option below the per share exercise price as of the date the Option is granted and, except as permitted by Article 11 hereof, no Option may be granted in exchange for, or in connection with, the cancellation or surrender of an Option having a higher per share exercise price.

14.2 Awards Previously Granted. Except with respect to amendments made pursuant to Section 15.14 hereof, no termination, amendment, or modification of the Plan shall adversely affect in any material way any Award previously granted pursuant to the Plan without the prior written consent of the Participant.

ARTICLE 15.

GENERAL PROVISIONS

15.1 No Rights to Awards. No Eligible Individual or other person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Committee is obligated to treat Eligible Individuals, Participants or any other persons uniformly.

15.2 No Stockholders Rights. Except as otherwise provided herein, a Participant shall have none of the rights of a stockholder with respect to shares of Stock covered by any Award until the Participant becomes the record owner of such shares of Stock.

15.3 Withholding. The Company or any Subsidiary shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, local and foreign taxes (including the Participant's employment tax obligations) required by law to be withheld with respect to any taxable event concerning a Participant arising as a result of this Plan. The Committee may in its discretion and in satisfaction of the foregoing requirement allow a Participant to elect to have the Company withhold shares of Stock otherwise issuable under an Award (or allow the return of shares of Stock) having a Fair Market Value equal to the sums required to be withheld. Notwithstanding any other provision of the Plan, the number of shares of Stock which may be withheld with respect to the issuance, vesting, exercise or payment of any Award (or which may be repurchased from the Participant of such Award within six months (or such other period as may be determined by the Committee) after such shares of Stock were acquired by the Participant from the Company) in order to satisfy the Participant's federal, state, local and foreign income and payroll tax liabilities with respect to the issuance, vesting, exercise or payment of the Award shall be limited to the number of shares which have a Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such supplemental taxable income.

15.4 No Right to Employment or Services. Nothing in the Plan or any Award Agreement shall interfere with or limit in any way the right of the Company or any Subsidiary to terminate any Participant's employment or services at any time, nor confer upon any Participant any right to continue in the employ or service of the Company or any Subsidiary.

15.5 Unfunded Status of Awards. The Plan is intended to be an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give the Participant any rights that are greater than those of a general creditor of the Company or any Subsidiary.

15.6 Indemnification. To the extent allowable pursuant to applicable law, each member of the Committee or of the Board shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or

proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; *provided* he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company's Certificate of Incorporation or bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

15.7 Relationship to Other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits pursuant to any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

15.8 Expenses. The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

15.9 Titles and Headings. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

15.10 Fractional Shares. No fractional shares of Stock shall be issued and the Committee shall determine, in its discretion, whether cash shall be given in lieu of fractional shares or whether such fractional shares shall be eliminated by rounding up or down as appropriate.

15.11 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan, the Plan, and any Award granted or awarded to any Participant who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 under the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

15.12 Government and Other Regulations. The obligation of the Company to make payment of awards in Stock or otherwise shall be subject to all applicable laws, rules, and regulations, and to such approvals by government agencies as may be required. The Company shall be under no obligation to register pursuant to the Securities Act, as amended, any of the shares of Stock paid pursuant to the Plan. If the shares paid pursuant to the Plan may in certain circumstances be exempt from registration pursuant to the Securities Act, as amended, the Company may restrict the transfer of such shares in such manner as it deems advisable to ensure the availability of any such exemption.

15.13 Governing Law. The Plan and all Award Agreements shall be construed in accordance with and governed by the laws of the State of California.

15.14 Section 409A. To the extent that the Committee determines that any Award granted under the Plan is subject to Section 409A of the Code, the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A of the Code. To the extent applicable, the Plan and Award Agreements shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Effective Date. Notwithstanding any provision of the Plan to the contrary, in the event that following the Effective Date the Committee determines that any Award may be subject to Section 409A of the Code and related Department of Treasury guidance (including such Department of Treasury guidance as may be issued after the Effective Date), the Committee may adopt such amendments to the Plan and the applicable Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Committee determines are necessary or appropriate to (a) exempt the Award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (b) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance.

* * * * *

I hereby certify that the foregoing Plan was duly adopted by the Board of Directors of Accuray Incorporated on January 15, 2007.

* * * * *

I hereby certify that the foregoing Plan was approved by the stockholders of Accuray Incorporated on January 31, 2007.

* * * * *

I hereby certify that Board of Directors of Accuray Incorporated amended the foregoing Plan to include Section 10.7 and such amendment was approved on August 24, 2010.

/s/ Darren J. Milliken
Corporate Secretary — Darren J. Milliken

ACCURAY INCORPORATED
2007 INCENTIVE AWARD PLAN

STOCK OPTION GRANT NOTICE AND
STOCK OPTION AGREEMENT

Accuray Incorporated, a Delaware corporation (the "***Company***"), pursuant to its 2007 Incentive Award Plan (the "***Plan***"), hereby grants to the holder listed below ("***Participant***"), an option to purchase the number of shares of the Company's common stock ("***Stock***"), set forth below (the "***Option***"). This Option is subject to all of the terms and conditions set forth herein and in the Stock Option Agreement attached hereto as Exhibit A (the "***Stock Option Agreement***") and the Plan, which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Grant Notice and the Stock Option Agreement.

Participant:

Grant Date:

Exercise Price per Share:

Total Exercise Price:

Total Number of Shares Subject to the Option:

Expiration Date:*

* *Or three months after termination of employment/services; Or one year after disability or death.*

Type of Option:

Vesting Schedule: The Option shall vest and become exercisable with respect to twenty-five percent (25%) of the shares of Stock subject thereto on the first anniversary of the Grant Date and with respect to an additional 1/48 th of the shares of Stock subject thereto on each monthly anniversary thereafter.

By his or her signature, the Participant agrees to be bound by the terms and conditions of the Plan, the Stock Option Agreement and this Grant Notice. The Participant has reviewed the Stock Option Agreement, the Plan and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of this Grant Notice, the Stock Option Agreement and the Plan. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan or relating to the Option.

ACCURAY INCORPORATED

By: /s/ Derek A. Bertocci
Title: Chief Financial Officer

EXHIBIT A

TO STOCK OPTION GRANT NOTICE

ACCURAY INCORPORATED STOCK OPTION AGREEMENT

Pursuant to the Stock Option Grant Notice (the "***Grant Notice***") to which this Stock Option Agreement (this "***Agreement***") is attached, Accuray Incorporated, a Delaware corporation (the "***Company***"), has granted to the Participant an option under the Company's 2007 Incentive Award Plan (as amended from time to time, the "***Plan***") to purchase the number of shares of Stock indicated in the Grant Notice.

ARTICLE I.

GENERAL

1.1 Defined Terms. Wherever the following terms are used in this Agreement they shall have the meanings specified below, unless the context clearly indicates otherwise. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan and the Grant Notice.

(a) "***Termination of Consultancy***" shall mean the time when the engagement of the Participant as a Consultant to the Company or a Subsidiary is terminated for any reason, with or without cause, including, but not by way of limitation, by resignation, discharge, death or retirement, but excluding: (a) terminations where there is a simultaneous employment or continuing employment of the Participant by the Company or any Subsidiary, and (b) terminations where there is a simultaneous re-establishment of a consulting relationship or continuing consulting relationship between the Participant and the Company or any Subsidiary. The Committee, in its absolute discretion, shall determine the effect of all matters and questions relating to Termination of Consultancy, including, but not by way of limitation, the question of whether a particular leave of absence constitutes a Termination of Consultancy. Notwithstanding any other provision of the Plan, the Company or any Subsidiary has an absolute and unrestricted right to terminate a Consultant's service at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in writing.

(b) "***Termination of Directorship***" shall mean the time when the Participant, if he or she is or becomes an Independent Director, ceases to be a Director for any reason, including, but not by way of limitation, a termination by resignation, failure to be elected, death or retirement. The Board, in its sole and absolute discretion, shall determine the effect of all matters and questions relating to Termination of Directorship with respect to Independent Directors.

(c) "***Termination of Employment***" shall mean the time when the employee-employer relationship between the Participant and the Company or any Subsidiary is terminated for any reason, with or without cause, including, but not by way of limitation, a termination by resignation, discharge, death, disability or retirement; but excluding: (a) terminations where there is a simultaneous reemployment or continuing employment of the Participant by the Company or any Subsidiary, and (b) terminations where there is a simultaneous establishment of a consulting relationship or continuing consulting relationship between the Participant and the Company or any Subsidiary. The Committee, in its absolute discretion, shall determine the effect of all matters and questions relating to Termination of Employment, including, but not by way of limitation, the question of whether a particular leave of absence constitutes a Termination of Employment; provided, however, that, if this Option is an Incentive Stock Option, unless otherwise determined by the Committee in its discretion, a leave of absence, change in status from an employee to an independent contractor or other change in the employee-employer

relationship shall constitute a Termination of Employment if, and to the extent that, such leave of absence, change in status or other change interrupts employment for the purposes of Section 422(a)(2) of the Code and the then applicable regulations and revenue rulings under said Section.

(d) "***Termination of Services***" shall mean the Participant's Termination of Consultancy, Termination of Directorship or Termination of Employment, as applicable.

1.2 Incorporation of Terms of Plan. The Option is subject to the terms and conditions of the Plan which are incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

ARTICLE II.

GRANT OF OPTION

2.1 Grant of Option. In consideration of the Participant's past and/or continued employment with or service to the Company or a Subsidiary and for other good and valuable consideration, effective as of the Grant Date set forth in the Grant Notice (the " ***Grant Date***"), the Company irrevocably grants to the Participant the Option to purchase any part or all of an aggregate of the number of shares of Stock set forth in the Grant Notice, upon the terms and conditions set forth in the Plan and this Agreement. Unless designated as a Non-Qualified Stock Option in the Grant Notice, the Option shall be an Incentive Stock Option to the maximum extent permitted by law.

2.2 Exercise Price. The exercise price of the shares of Stock subject to the Option shall be as set forth in the Grant Notice, without commission or other charge; *provided*, *however*, that the price per share of the shares of Stock subject to the Option shall not be less than 100% of the Fair Market Value of a share of Stock on the Grant Date. Notwithstanding the foregoing, if this Option is designated as an Incentive Stock Option and the Participant owns (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or any "subsidiary corporation" of the Company or any "parent corporation" of the Company (each within the meaning of Section 424 of the Code), the price per share of the shares of Stock subject to the Option shall not be less than 110% of the Fair Market Value of a share of Stock on the Grant Date.

2.3 Consideration to the Company. In consideration of the grant of the Option by the Company, the Participant agrees to render faithful and efficient services to the Company or any Subsidiary. Nothing in the Plan or this Agreement shall confer upon the Participant any right to continue in the employ or service of the Company or any Subsidiary or shall interfere with or restrict in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of the Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and the Participant.

ARTICLE III.

PERIOD OF EXERCISABILITY

3.1 Commencement of Exercisability.

(a) Subject to Sections 3.2, 3.3, 5.11 and 5.14, the Option shall become vested and exercisable in such amounts and at such times as are set forth in the Grant Notice.

(b) No portion of the Option which has not become vested and exercisable at the date of the Participant's Termination of Employment, Termination of Directorship or Termination of Consultancy shall thereafter become vested and exercisable, except as may be otherwise provided by the Committee or as set forth in a written agreement between the Company and the Participant.

3.2 Duration of Exercisability. The installments provided for in the vesting schedule set forth in the Grant Notice are cumulative. Each such installment which becomes vested and exercisable pursuant to the vesting schedule set forth in the Grant Notice shall remain vested and exercisable until it becomes unexercisable under Section 3.3.

3.3 Expiration of Option. The Option may not be exercised to any extent by anyone after the first to occur of the following events:

(a) The expiration of ten years from the Grant Date;

(b) If this Option is designated as an Incentive Stock Option and the Participant owned (within the meaning of Section 424(d) of the Code), at the time the Option was granted, more than 10% of the total combined voting power of all classes of stock of the Company or any "subsidiary corporation" of the Company or any "parent corporation" of the Company (each within the meaning of Section 424 of the Code), the expiration of five years from the Grant Date;

(c) The expiration of three-months from the date of the Participant's Termination of Services, unless such termination occurs by reason of the Participant's death or Disability; or

(d) The expiration of one year from the date of the Participant's Termination of Services by reason of the Participant's death or Disability.

The Participant acknowledges that an Incentive Stock Option exercised more that three months after the Participant's Termination of Employment, other than by reason of death or Disability, will be taxed as a Non-Qualified Stock Option.

3.4 Special Tax Consequences. The Participant acknowledges that, to the extent that the aggregate Fair Market Value (determined as of the time the Option is granted) of all shares of Stock with respect to which Incentive Stock Options, including the Option (if applicable), are exercisable for the first time by the Participant in any calendar year exceeds $100,000, the Option and such other options shall be Non-Qualified Stock Options to the extent necessary to comply with the limitations imposed by Section 422(d) of the Code. The Participant further acknowledges that the rule set forth in the preceding sentence shall be applied by taking the Option and other "incentive stock options" into account in the order in which they were granted, as determined under Section 422(d) of the Code and the Treasury Regulations thereunder.

ARTICLE IV.

EXERCISE OF OPTION

4.1 Person Eligible to Exercise. Except as provided in Section 5.2(b), during the lifetime of the Participant, only the Participant may exercise the Option or any portion thereof. After the death of the Participant, any exercisable portion of the Option may, prior to the time when the Option becomes unexercisable under Section 3.3, be exercised by the Participant's personal representative or by any person empowered to do so under the deceased the Participant's will or under the then applicable laws of descent and distribution.

4.2 Partial Exercise. Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised in whole or in part at any time prior to the time when the Option or portion thereof becomes unexercisable under Section 3.3.

4.3 Manner of Exercise. The Option, or any exercisable portion thereof, may be exercised solely by delivery to the Secretary of the Company (or any third party administrator or other person or entity designated by the Company) of all of the following prior to the time when the Option or such portion thereof becomes unexercisable under Section 3.3:

(a) An Exercise Notice in a form specified by the Committee, stating that the Option or portion thereof is thereby exercised, such notice complying with all applicable rules established by the Committee;

(b) The receipt by the Company of full payment for the shares of Stock with respect to which the Option or portion thereof is exercised, including payment of any applicable withholding tax, which may be in one or more of the forms of consideration permitted under Section 4.4;

(c) Any other written representations as may be required in the Committee's reasonable discretion to evidence compliance with the Securities Act or any other applicable law rule, or regulation; and

(d) In the event the Option or portion thereof shall be exercised pursuant to Section 4.1 by any person or persons other than the Participant, appropriate proof of the right of such person or persons to exercise the Option.

Notwithstanding any of the foregoing, the Company shall have the right to specify all conditions of the manner of exercise, which conditions may vary by country and which may be subject to change from time to time.

4.4 Method of Payment. Payment of the exercise price shall be by any of the following, or a combination thereof, at the election of the Participant:

(a) Cash;

(b) Check;

(c) With the consent of the Committee, delivery of a notice that the Participant has placed a market sell order with a broker with respect to shares of Stock then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the aggregate exercise price; *provided*, that payment of such proceeds is then made to the Company at such time as may be required by the Company, but in any event not later than the settlement of such sale;

(d) With the consent of the Committee, surrender of other shares of Stock which have a fair market value on the date of surrender equal to the aggregate exercise price of the shares of Stock with respect to which the Option or portion thereof is being exercised;

(e) With the consent of the Committee, surrendered shares of Stock issuable or transferable upon the exercise of the Option having a fair market value on the date of exercise equal to the aggregate exercise price of the shares of Stock with respect to which the Option or portion thereof is being exercised; or

(f) With the consent of the Committee, property of any kind which constitutes good and valuable consideration.

4.5 Conditions to Issuance of Stock Certificates. The shares of Stock deliverable upon the exercise of the Option, or any portion thereof, may be either previously authorized but unissued shares of Stock or issued shares of Stock which have then been reacquired by the Company. Such shares of Stock shall be fully paid and nonassessable. The Company shall not be required to issue or deliver any shares of Stock purchased upon the exercise of the Option or portion thereof prior to fulfillment of all of the following conditions:

(a) The admission of such shares of Stock to listing on all stock exchanges on which such Stock is then listed;

(b) The completion of any registration or other qualification of such shares of Stock under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or of any other governmental regulatory body, which the Committee shall, in its absolute discretion, deem necessary or advisable;

(c) The obtaining of any approval or other clearance from any state or federal governmental agency which the Committee shall, in its absolute discretion, determine to be necessary or advisable;

(d) The receipt by the Company of full payment for such shares of Stock, including payment of any applicable withholding tax, which may be in one or more of the forms of consideration permitted under Section 4.4; and

(e) The lapse of such reasonable period of time following the exercise of the Option as the Committee may from time to time establish for reasons of administrative convenience.

4.6 Rights as Stockholder. The holder of the Option shall not be, nor have any of the rights or privileges of, a stockholder of the Company in respect of any shares of Stock purchasable upon the exercise of any part of the Option unless and until such shares of Stock shall have been issued by the Company to such holder (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment will be made for a dividend or other right for which the record date is prior to the date the shares of Stock are issued, except as provided in Section 11.1 of the Plan.

ARTICLE V.

OTHER PROVISIONS

5.1 Administration. The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and binding upon Participant, the Company and all other interested persons. No member of the Committee or the Board shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan, this Agreement or the Option.

5.2 Option Not Transferable.

(a) Subject to Section 5.2(b), the Option may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the shares of Stock underlying the Option have been issued, and all restrictions applicable to such shares of Stock have lapsed. Neither the Option nor any interest or right therein shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

(b) Notwithstanding any other provision in this Agreement, with the consent of the Committee, the Participant may transfer the Option (or any portion thereof) to any one or more Permitted Transferees (as defined below), subject to the following terms and conditions: (i) any portion of the Option transferred to a Permitted Transferee shall not be assignable or transferable by the Permitted Transferee other than by will or the laws of descent and distribution; (ii) any portion of the Option which is transferred to a Permitted Transferee shall continue to be subject to all the terms and conditions of the Option as applicable to the Participant (other than the ability to further transfer the Option); and (iii) the Participant and the Permitted Transferee shall execute any and all documents requested by the Committee, including, without limitation documents to (A) confirm the status of the transferee as a Permitted Transferee, (B) satisfy any requirements for an exemption for the transfer under applicable federal and state securities laws and (C) evidence the transfer. For purposes of this Section 5.2(b), "Permitted Transferee" shall mean, with respect to a Participant, any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the Participant's household (other than a tenant or employee), a trust in which these persons (or the Participant) control the management of assets, charitable institutions, or trusts or other entities whose beneficiaries or beneficial owners are these persons (or the Participant) and/or charitable institutions, and any other entity in which these persons (or the Participant) own more than fifty percent of the voting interests, or any other transferee specifically approved by the Committee after taking into account any state or federal tax or securities laws applicable to transferable Options. Notwithstanding the foregoing, (i) in no event shall the Option be transferable by the Participant to a third party (other than the Company) for consideration, and (ii) no transfer of an Incentive Stock Option will be permitted to the extent that such transfer would cause the Incentive Stock Option to fail to qualify as an "incentive stock option" under Section 422 of the Code.

5.3 Adjustments. The Participant acknowledges that the Option is subject to adjustment, modification and termination in certain events as provided in this Agreement and Article 11 of the Plan.

5.4 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the address given beneath the signature of the Company's authorized officer on the Grant Notice, and any notice to be given to Participant shall be addressed to Participant at the address given beneath Participant's signature on the Grant Notice. By a notice given pursuant to this Section 5.4, either party may hereafter designate a different address for notices to be given to that party. Any notice which is required to be given to Participant shall, if Participant is then deceased, be given to the person entitled to exercise his or her Option pursuant to Section 4.1 by written notice under this Section 5.4. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with

postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

5.5 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

5.6 Governing Law; Severability. The laws of the State of California shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

5.7 Conformity to Securities Laws. The Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the Option is granted and may be exercised, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

5.8 Amendments, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Committee or the Board *, provided,* that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely effect the Option in any material way without the prior written consent of the Participant.

5.9 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth in Section 5.2, this Agreement shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns.

5.10 Notification of Disposition. If this Option is designated as an Incentive Stock Option, Participant shall give prompt notice to the Company of any disposition or other transfer of any shares of Stock acquired under this Agreement if such disposition or transfer is made (a) within two years from the Grant Date with respect to such shares of Stock or (b) within one year after the transfer of such shares of Stock to Participant. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by Participant in such disposition or other transfer.

5.11 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Option and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule

5.12 Entire Agreement. The Plan, the Grant Notice and this Agreement (including all Exhibits thereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

5.13 Section 409A. This Option is not intended to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code ("***Section 409A***"). However, notwithstanding any other provision of the Plan, this Agreement or the Grant Notice, if at any time the Committee determines that the Option (or any portion thereof) may be subject to Section 409A, the Committee shall have the right, in its sole discretion, to adopt such amendments to the Plan, this Agreement or the Grant Notice or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Committee determines are necessary or appropriate either for the Option to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

2007 INCENTIVE AWARD PLAN
RESTRICTED STOCK UNIT GRANT NOTICE

Accuray Incorporated, a Delaware corporation (the "***Company***"), pursuant to its 2007 Incentive Award Plan (the "***Plan***"), hereby grants to the individual listed below ("***Participant***"), the following award of Restricted Stock Units ("***RSUs***"). This Restricted Stock Unit is subject to all of the terms and conditions set forth herein and in the Restricted Stock Unit Agreement attached hereto as Appendix A (the "***Restricted Stock Unit Agreement***") and in the Plan, each of which are incorporated herein by reference. All capitalized terms used and not otherwise defined in this Grant Notice or the Restricted Stock Unit Agreement shall have the meanings ascribed to such terms in the Plan unless the context clearly indicates otherwise.

Participant:

Grant Date:

Number of RSUs:

Standard Vesting Schedule: Subject to the Participant's continued service as an Employee, Consultant or Director through the applicable vesting date (each such date, a "***Vesting Date***"), the RSUs shall vest as follows:

(i) Twenty-five (25%) of the RSUs shall vest on the first anniversary of the Grant Date;
(ii) Twenty-five (25%) of the RSUs shall vest on the second anniversary of the Grant Date;
(iii) Twenty-five (25%) of the RSUs shall vest on the third anniversary of the Grant Date; and
(iv) Twenty-five (25%) of the RSUs shall vest on the fourth anniversary of the Grant Date.

Termination of RSUs: In the event that the Participant ceases to be an Employee, Consultant or Independent Director for any reason prior to the applicable Vesting Date, all RSUs that have not vested as of the date of such termination shall thereupon automatically be forfeited by the Participant as of such date of termination without payment of any consideration therefor.

By his or her signature and the Company's signature below, the Participant agrees to be bound by the terms and conditions of the Plan, the Restricted Stock Unit Agreement and this Grant Notice. Participant has reviewed the Restricted Stock Unit Agreement, the Plan and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of this Grant Notice, the Restricted Stock Unit Agreement and the Plan. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan, this Grant Notice or the Restricted Stock Unit Agreement.

ACCURAY INCORPORATED:

By: /s/ Derek A. Bertocci
Title: Chief Financial Officer

APPENDIX A
TO RESTRICTED STOCK UNIT GRANT NOTICE

RESTRICTED STOCK UNIT AGREEMENT

1. Grant. Pursuant to the Restricted Stock Unit Grant Notice (the "***Grant Notice***") to which this Restricted Stock Unit Agreement (the "***Agreement***") is attached, Accuray Incorporated, a Delaware corporation (the "***Company***"), has granted to the Participant an award of **%%TOTAL_SHARES_GRANTED%-%** RSUs under the Company's 2007 Incentive Award Plan (the "***Plan***") as set forth in the Grant Notice, subject to all of the terms and conditions contained in this Agreement and the Plan. All capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Plan and the Grant Notice unless the context clearly indicates otherwise.

2. Vesting and Termination. The RSUs shall vest and shall terminate as set forth in the Grant Notice. In the event of a termination of the Participant's status as an Employee, Consultant or Independent Director for any reason prior to the applicable Vesting Date, all RSUs that have not vested as of the date of such termination shall thereupon automatically be forfeited by the Participant as of such date of termination without payment of any consideration therefor. RSUs which are not vested as of the date of such termination shall not thereafter become vested.

3. RSUs. As of the applicable Vesting Date, each RSU that vests on such date shall represent the right to receive payment, in accordance with Section 4 below, in the form of one share of Stock. Unless and until an RSU vests, the Participant will have no right to payment in respect of any such RSU. Prior to actual payment in respect of any vested RSU, such RSU will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company.

4. Payment after Vesting; Code Section 409A. Payment in respect of any RSUs that vest in accordance herewith shall be made to the Participant (or in the event of the Participant's death, to the Participant's estate) in whole shares of Stock as soon as practicable after the applicable Vesting Date, but in no event later than sixty (60) days, after such Vesting Date (for the avoidance of doubt, this deadline is intended to comply with the "short-term deferral" exemption from Section 409A of the Code).

5. Tax Withholding. The Company shall have the authority and the right to deduct or withhold, or to require the Participant to remit to the Company, an amount sufficient to satisfy all applicable federal, state and local taxes (including the Participant's employment tax obligations) required by law to be withheld with respect to any taxable event arising in connection with the RSUs. Unless otherwise determined by the Committee, the Company shall, in satisfaction of the foregoing requirement, withhold shares of Stock otherwise issuable in respect of any RSUs having a Fair Market Value equal to the sums required to be withheld, and the Participant hereby agrees to such withholding of shares.

6. Rights as Shareholder. Neither the Participant nor any person claiming under or through the Participant will have any of the rights or privileges of a shareholder of the Company in respect of any shares of Stock that may become deliverable hereunder unless and until certificates representing such shares of Stock shall have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to the Participant or any person claiming under or through the Participant.

7. Non-Transferability. Unless transferred to a Permitted Transferee (as defined below), RSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution. For purposes of this Section 7, "Permitted Transferee" shall mean, with respect to a Participant,

certain persons or entities related to the Participant, including but not limited to members of the Participant's family, charitable institutions or trusts or other entities whose beneficiaries or beneficial owners are members of Participant's family and/or charitable institutions, or to such other persons or entities as may be expressly approved by the Committee, pursuant to any such conditions and procedures the Committee may require. Neither the RSUs nor any interest or right therein shall be liable for the debts, contracts or engagements of the Participant or his successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

8. Distribution of Stock. Notwithstanding anything herein to the contrary, no payment shall be made under this Agreement in the form of shares of Stock prior to the fulfillment of all of the following conditions: (i) the admission of such shares to listing on all stock exchanges on which the Stock is then listed, (ii) the completion of any registration or other qualification of such shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or other governmental regulatory body, which the Committee shall, in its sole and absolute discretion, deem necessary and advisable, (iii) the obtaining of any approval or other clearance from any state or federal governmental agency that the Committee shall, in its absolute discretion, determine to be necessary or advisable and (iv) the lapse of any such reasonable period of time following the Vesting Date as the Committee may from time to time establish for reasons of administrative convenience. All certificates delivered pursuant to this Agreement shall be subject to any stop-transfer orders and other restrictions as the Committee deems necessary or advisable to comply with federal, state, or local securities or other laws, rules and regulations and the rules of any national securities exchange or automated quotation system on which the shares of Stock are listed, quoted, or traded. The Committee may place legends on any certificate to reference restrictions applicable to the shares of Stock. In addition to the terms and conditions provided herein, the Committee may require that the Participant make such covenants, agreements, and representations as the Committee, in its sole discretion, deems advisable in order to comply with any such laws, regulations, or requirements. The Committee shall have the right to require the Participant to comply with any timing or other restrictions with respect to the settlement of any RSUs pursuant to this Agreement, including a window-period limitation, as may be imposed in the discretion of the Committee. Any shares of Stock distributed pursuant to this Agreement may consist, in whole or in part, of authorized and unissued shares, treasury shares or shares purchased on the open market. No fractional shares shall be issued and the Committee shall determine, in its sole discretion, whether cash shall be given in lieu of fractional shares or whether such fractional shares shall be eliminated by rounding up or down as appropriate.

9. No Effect on Employment. Nothing in this Agreement or in the Plan shall confer upon the Participant any right to continue to serve as an Employee, Consultant, member of the Board or other service provider of the Company or any of its Subsidiaries.

10. Severability. In the event that any provision in this Agreement is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement, which shall remain in full force and effect.

11. Tax Consultation. The Participant understands that the Participant may suffer adverse tax consequences in connection with the RSUs granted pursuant to this Agreement. The Participant represents that the Participant has consulted with any tax consultants that the Participant deems advisable in connection with the RSUs and that the Participant is not relying on the Company for tax advice.

12. Amendments, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Committee or the Board.

13. Conformity to Securities Laws. The Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, and all applicable state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the RSUs are granted, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

14. Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if the Participant becomes subject to Section 16 of the Exchange Act, the Plan, the RSUs and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

15. Code Section 409A. The RSUs are not intended to constitute or provide for "nonqualified deferred compensation" within the meaning of Section 409A of the Code ("***Section 409A***"). However, notwithstanding any other provision of the Plan, this Agreement or the Grant Notice, if at any time the Committee determines that the RSUs (or any portion thereof) may be subject to Section 409A, the Committee shall have the right, in its sole discretion, to adopt such amendments to the Plan, this Agreement or the Grant Notice or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Committee determines are necessary or appropriate either for the RSUs to be exempt from the application of Section 409A or to comply with the requirements of Section 409A. Nothing herein shall, or shall be construed so as to, limit the generality of Section 15.14 of the Plan.

16. Adjustments. The Participant acknowledges that the RSUs are subject to modification and termination in certain events as provided in this Agreement and Article 11 of the Plan.

17. Notices. Notices required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail, with postage and fees prepaid, addressed to the Participant to his or her address shown in the Company records, and to the Company at its principal executive office.

18. Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer contained herein, this Agreement shall be binding upon the Participant and his or her heirs, executors, administrators, successors and assigns.

19. Governing Law. The laws of the State of California shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

Exhibit 10.30

PURSUANT TO 17 C.F.R. § 240.24B-2, CONFIDENTIAL INFORMATION (INDICATED BY {***}) HAS BEEN OMITTED FROM THIS DOCUMENT AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A CONFIDENTIAL TREATMENT APPLICATION FILED WITH THE COMMISSION**

STRATEGIC ALLIANCE AGREEMENT

between

ACCURAY INCORPORATED

and

SIEMENS AKTIENGESELLSCHAFT

Dated as of June 8, 2010

TABLE OF CONTENTS

TABLE OF CONTENTS

TABLE OF CONTENTS

TABLE OF CONTENTS

STRATEGIC ALLIANCE AGREEMENT

THIS STRATEGIC ALLIANCE AGREEMENT (this "Agreement"), dated as of June 8, 2010 (the "Effective Date"), is entered into between ACCURAY INCORPORATED, a Delaware corporation ("Accuray"), and SIEMENS AKTIENGESELLSCHAFT, a corporation formed under the laws of the Federal Republic of Germany ("Siemens"). Accuray and Siemens may be referred to in this Agreement individually as a " Party" or collectively as "Parties. "

RECITALS

A. Accuray owns certain technologies relating to the provision of radiation treatments.

B. Siemens owns certain technologies relating to the provision of radiation treatments and imaging.

C. Accuray and Siemens wish to enter into a strategic alliance to (i) jointly develop a product integrating each Party's technologies, with Siemens acting as the exclusive distributor of such product, (ii) grant Siemens distributorship rights for Accuray's CyberKnife System (as defined below), and (iii) create a framework for the pursuit and implementation of other potential products and collaboration opportunities in the future.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants set forth below, the Parties hereby agree as follows:

ARTICLE I.

DEFINITIONS

Capitalized terms used but not otherwise defined in this Agreement shall have the meanings set forth in Exhibit A.

ARTICLE II.

CAYMAN DEVELOPMENT AND DISTRIBUTION

2.1 Development of Cayman.

(a) General.

(i) Accuray will manage and be responsible for the overall development of the Cayman Product, including oversight of the day-to-day operations of such development in accordance with the Cayman 1 Initial Plan (including the milestone plan set forth therein) and, when approved by the Steering Committee, with the Cayman 1 Functional Specification, the Cayman 1 Detailed Plan, the Cayman 2 Functional Specification, and the Cayman 2 Detailed Plan, the development of the Accuray Components, and the development of the interoperability of the Cayman Product with the TxT Couch.

(ii) The Parties will jointly manage and be responsible for the development of the Interface in accordance with the Cayman 1 Initial Plan and, when approved by the Steering Committee, with the Cayman 1 Functional Specification, the Cayman 1 Detailed Plan, the Cayman 2 Detailed Plan, and the Cayman 2 Functional Specification.

(iii) In addition, the Parties each shall proceed diligently with the performance of their respective obligations under this Agreement to achieve the objectives of this Agreement efficiently and expeditiously, subject to the terms hereof. The Parties shall each allocate such personnel, equipment, facilities and other resources as are reasonably necessary to carry out their respective obligations set forth in this Agreement, subject to the terms hereof.

(iv) Each Party shall maintain records, in sufficient detail appropriate for legal, regulatory, quality, or Patent purposes, which shall be complete and accurate and shall fully and properly reflect all work done and results achieved in the performance of the activities under this Agreement (including all data in the form required under all applicable laws and regulations).

(v) Upon approval by the other Party, which shall not be unreasonably withheld or delayed, a Party may subcontract to Third Parties the performance of certain of its responsibilities under this Article II that are to be performed by it in the normal course of its business; provided, however, that (1) unless the other Party gives its prior written consent, such subcontract arrangement shall not permit any transfer (including but not limited to any sublicense) of any Intellectual Property of the other Party or Confidential Information of the other Party; (2) if the other Party consents to the subcontractor's access to Intellectual Property or Confidential Information of the other Party, the subcontracted party shall enter into a confidentiality agreement with the subcontractor on such Party's standard form confidentiality agreement, which shall be at least as restrictive as the Confidentiality Agreement and shall contain such additional provisions as the other Party reasonably requests to protect any of its Intellectual Property to which such subcontractor is given access; (3) the subcontracting Party shall supervise such subcontract work; and (4) the subcontractor shall be in compliance in all material respects with all requirements of applicable laws and regulations.

(b) Resources Made Available by Siemens.

(i) Personnel. Siemens shall provide and make available to Accuray engineering and technical support personnel to assist with the development of the Cayman Product. The number, availability, experience, and duties of such personnel will be determined by Siemens in good faith, based on the Steering Committee's assessment of the project development requirements, the Cayman 1 Initial Plan and, when approved by the Steering Committee, the Cayman 1 Detailed Plan, the Cayman 1 Functional Specification, the Cayman 2 Detailed Plan, and the Cayman 2 Functional Specification. For the avoidance of doubt, prior to November 1, 2010, Siemens shall have no obligation to provide or make available any personnel in connection with the development of the Cayman 1 Product, other than (i) qualified personnel sufficient to meet with Accuray personnel for two Business Days to refine the Cayman 1 Functional Specification, (ii) one engineer in the Siemens Concord, California facility who will be available for consultation with Accuray personnel as needed for development of the Cayman 1 Functional Specification and the architectural design for the Cayman 1 Product (for the

avoidance of doubt, such consultation shall be no more than a few hours per week), and (iii) other limited engineering and product management support, at such times and in such amounts as may be determined by Siemens in good faith.

(ii) {*****}. Promptly after execution of this Agreement, Siemens shall make available to Accuray, free of charge, one {*****} (including test cells) and one TxT Couch at Siemens' Concord, California facility. Accuray employees and consultants shall have access to such systems during the business hours of such facility.

(iii) Accuray shall limit access to any {*****} or TxT Couch made available pursuant to this Section 2.1(b) or Section 2.1(d) to only those Accuray employees or consultants who are actively involved with the development or distribution of the Cayman Products, and shall ensure that (1) each such employee or consultant has executed Accuray's standard form confidentiality agreement and (2) the measures used to limit such access are at least as restrictive as those used by Accuray with respect to its own Confidential Information and product development efforts.

(c) Resources Made Available by Accuray.

(i) Promptly after execution of this Agreement, Accuray shall make available to Siemens, free of charge, one set of the Accuray Components for the Cayman 1 Product, in their then-current form, at Siemens' Concord, California facility. After development of the Cayman 2 Product is initiated pursuant to Section 2.3, Accuray shall make available to Siemens one set of the Accuray Components for the Cayman 2 Product, in their then-current form, at such facility.

(ii) Siemens shall limit access to any Accuray Components made available pursuant to this Section 2.1(c) or Section 2.1(d) to only those Siemens employees or consultants who are actively involved with the development or distribution of the Cayman Products or any related {*****} development projects, and shall ensure that (1) each such employee or consultant has executed Siemens' standard form confidentiality agreement and (2) the measures used to limit such access are at least as restrictive as those used by Siemens with respect to its own Confidential Information and product development efforts.

(iii) Siemens shall not dispose of any Accuray Components made available pursuant to this Section 2.1(c) or Section 2.1(d) without the prior written consent of Accuray, and upon termination of this Agreement, Siemens promptly shall return any Accuray Components made available pursuant to this Section 2.1(c) or Section 2.1(d) in its possession to Accuray.

(d) Additional Resources. The Steering Committee may approve a requirement that Accuray make available to Siemens, free of charge, additional Accuray Components and/or Siemens to make available to Accuray, free of charge, additional {*****} and/or TxT Couches to assist with the development of the Cayman Product. Any such approval by the Steering Committee must be made in good faith and on a commercially reasonable basis. Following any such approval by the Steering Committee, the relevant Party shall use commercially reasonable efforts to make such materials available as soon as reasonably

practicable.

(e) Cost of Development. Other than the Arrangement Fee (as defined below) and any other fees the Parties and/or Steering Committee may agree to or approve, each Party shall bear all expenses incurred by it or its Affiliates in connection with the development of the Cayman Product, including, without limitation, all expenses incurred in connection with making resources available pursuant to Sections 2.1(b), 2.1(c), and 2.1(d).

2.2 Development of Cayman 1.

(a) Cayman 1 Initial Plan. The Parties have agreed upon the Cayman 1 Initial Plan as the high-level engineering plan for development of the Cayman 1 Product. Such Cayman 1 Initial Plan includes estimates of the personnel requirements, the required materials, and the development schedule for the Cayman 1 Product and cost estimates for the Accuray Components (both including and excluding the {*****}). Such Cayman 1 Initial Plan shall be periodically reviewed by the Steering Committee and may be updated and revised by such committee.

(b) Cayman 1 Detailed Plan and Functional Specification. Following the execution of this Agreement, Accuray shall prepare, with the assistance and cooperation of Siemens as reasonably requested by Accuray, a detailed, medical device industry-level-quality project plan for the development of the Cayman 1 Product, which shall include (i) descriptions of the personnel requirements and the required materials to implement such plan, (ii) a development schedule for the Cayman 1 Product, (iii) detailed acceptance criteria for the prototype model, and (iv) detailed descriptions of the deliverables required from Siemens and Accuray (the "Cayman 1 Detailed Plan"), and a medical device industry-level-quality functional specification for the Cayman 1 Product (the "Cayman 1 Functional Specification"). The Cayman 1 Detailed Plan and the Cayman 1 Functional Specification shall be initially approved, and thereafter periodically reviewed, by the Steering Committee and may be updated and revised by such committee.

(c) Development Efforts by Accuray. Upon initial approval by the Steering Committee of the Cayman 1 Detailed Plan and the Cayman 1 Functional Specification, Accuray shall commence development of the Cayman 1 Product on the basis of the Cayman 1 Detailed Plan, and Siemens shall assist as set forth therein; provided, however, that the obligation of Accuray to perform such development shall be an obligation to use best efforts, it being understood that, in this context, "best efforts" shall mean the undertaking by Accuray to perform such development at a cost to itself (including direct cost and overhead, as calculated in accordance with Accuray's regular calculation standards to calculate such cost set forth in Schedule 2.2(c), and including any amount of damages paid by Accuray to Siemens for breach of contract or otherwise relating to this best efforts clause) of up to the amount of Arrangement Fee actually received by Accuray (and which has not previously been repaid by Accuray), subject to the last sentence of this Section 2.2(c). For example, if Accuray actually received {*****} million of the Arrangement Fee and Accuray had previously repaid {*****} million of the Arrangement Fee, Accuray would only be liable for up to {*****} million of development efforts under this best efforts clause, subject to the following sentence. Notwithstanding the foregoing, in addition to the amount set forth above, "best efforts" shall also include Accuray incurring development costs for the Cayman 1 Product (calculated as set forth above) of up to a maximum of {*****} (inclusive of the amounts of the Arrangement Fee it actually receives from

Siemens), provided that Siemens pays to Accuray the full amounts of the Arrangement Fee set forth in paragraphs (i), (ii), (iii) and (iv) of Schedule 2.2(d)(i) and any other amounts payable pursuant to Section 2.2(d)(iii).

(d) Arrangement Fee.

(i) In consideration of the development efforts of Accuray related to the Cayman 1 Product, Siemens hereby agrees to pay to Accuray an arrangement fee in an amount calculated pursuant to Schedule 2.2(d)(i) (the "Arrangement Fee"). The Arrangement Fee shall be payable as set forth on Schedule 2.2(d)(i); provided, however, that in the event that Accuray is prevented from achieving the second and third milestones set forth on Schedule 2.2(d)(i) due to the non-performance by Siemens of its obligation to assist Accuray, including, without limitation, to deliver the deliverables set forth on the Cayman 1 Detailed Plan, and Siemens, after written notice from Accuray, continues to fail to provide such assistance and/or deliver such deliverables, then Accuray shall be entitled to receive from Siemens, regardless of whether any of such milestones have been achieved, a portion of the Arrangement Fee equal to the cost to Accuray (as calculated in accordance with the provisions set forth in Section 2.2(c)) of Accuray's development efforts made prior to such date, and in such event Accuray shall provide to Siemens a written summary of its test results and development efforts made prior to such date (but, in any event, Accuray shall not provide any source code, object code, or prototypes).

(ii) The Arrangement Fee is an agreed upon fee for the scope of development provided for above and is intended to compensate Accuray for expenditures or expenses (as calculated in accordance with the provisions set forth in Section 2.2(c)) incurred in connection with satisfying its obligations under, and pursuing the objectives of, this Section 2.2 jointly with Siemens, including, without limitation, the objectives set forth in Schedule 2.2(d)(ii). Accuray shall make available to the Steering Committee, on a quarterly basis, detailed documentation of such expenditures and expenses and, upon request and not more often than monthly, estimates of such expenditures and expenses. By way of clarification, nothing in this Agreement shall create a liability of Accuray for a successful implementation of the foregoing objectives or otherwise a contract for works obligation (*werkvertragliche Verpflichtung*).

(iii) Notwithstanding the foregoing, Accuray shall be obligated to incur development costs for the Cayman 1 Product (as calculated in accordance with the provisions set forth in Section 2.2(c)) of up to a maximum of {*****} above the amount of the Arrangement Fee it actually receives from Siemens, provided that Siemens pays to Accuray the full amounts of the Arrangement Fee set forth in paragraphs (i), (ii), (iii) and (iv) of Schedule 2.2(d)(i). If the Accuray Gross Profits do not exceed the Accuray Excess Expenditures, Siemens shall, within 10 days of the date that is 18 months after the Initial Shipment Date, pay to Accuray an amount equal to the difference between the Accuray Excess Expenditures and the Accuray Gross Profits.

(e) Prototype Acceptance. Upon completion by Accuray of the development of the Cayman 1 Product, Accuray shall make available one prototype thereof to Siemens for acceptance testing. The Steering Committee will oversee the performance of an acceptance review by Siemens of the Cayman 1 Product to confirm that such prototype conforms with the Cayman 1 Functional Specification and the acceptance criteria set forth in the Cayman 1

Detailed Plan. If the Cayman 1 Product passes the acceptance review and is CE Marked, the Cayman 1 Product shall be deemed accepted by Siemens as being in accordance with such functional specification and such acceptance criteria. By way of clarification, such acceptance review shall include consideration of factors related to the functionality and performance of the Cayman 1 Product (including the Accuray Components and Interface incorporated therein), but shall not include consideration of the status of 510(k) clearance.

2.3 Development of Cayman 2.

(a) Development Plan.

(i) Following execution of this Agreement, the Steering Committee shall meet, agree upon, and approve a decision milestone (the "Milestone") that must be satisfied before Accuray is required to begin development of the Cayman 2 Product. The purpose of the Milestone is to ensure commercial shipment of the Cayman 2 Product upon satisfaction of the conditions set forth in Schedule 2.3(b). The Milestone will be agreed upon and approved by the Steering Committee in good faith and on a commercially reasonable basis. The Parties may, jointly and at any time prior to the satisfaction of the Milestone, agree that Accuray shall begin development of the Cayman 2 Product.

(ii) Within 30 days of the earlier of the Parties' agreement to begin development of the Cayman 2 Product or the satisfaction of the Milestone, Accuray shall prepare, with the assistance and cooperation of Siemens as reasonably requested by Accuray, a detailed, medical device industry-level-quality project plan for the development of the Cayman 2 Product (the " Cayman 2 Detailed Plan"), and a medical device industry-level-quality functional specification for the Cayman 2 Product (the " Cayman 2 Functional Specification"). The Cayman 2 Detailed Plan shall include (i) descriptions of the personnel requirements and the required materials to implement such plan, (ii) a development schedule for the Cayman 2 Product, (iii) cost estimates for the Accuray Components (both including and excluding the {*****}) for the Cayman 2 Product, (iv) detailed acceptance criteria for the prototype model, and (v) detailed descriptions of the deliverables required from Siemens and Accuray. Terms and conditions for the Cayman 2 Product and the development thereof shall be negotiated in good faith by the Parties and shall depend on the scope of the Cayman 2 Product and the development thereof. The following guidelines will apply to the determination of such terms and conditions: (1) the arrangement fee to be paid by Siemens to Accuray to cover the costs related to the development of the Cayman 2 Product shall not exceed US${*****}, subject to the functionality and components of the Cayman 2 Product being as described in the definition of "Cayman 2 Product" and (2) the purchase price of the Accuray Components and Interface for the Cayman 2 Product shall not exceed the sum of the then-current price of the Accuray Components and Interface for the Cayman 1 Product and the then-current average distributor price charged by Accuray for Accuray's {*****} product, based upon the functionality and components of the Cayman 2 Product described in the definition of "Cayman 2 Product." The Cayman 2 Detailed Plan and the Cayman 2 Functional Specification shall be approved by the Steering Committee and, thereafter, shall be periodically reviewed by the Steering Committee and may be updated and revised by such committee.

(b) Conditions to Completion of Development. Unless otherwise approved by

the Steering Committee, Accuray shall have no obligation to complete development of the Cayman 2 Product unless and until (i) the conditions set forth on Schedule 2.3(b) have been satisfied and (ii) Siemens has delivered its deliverables set forth in the Cayman 2 Detailed Plan. Once such conditions have been satisfied and such deliverables delivered, Accuray shall complete the development of the Cayman 2 Product within the earlier of the schedule set forth in the Cayman 2 Detailed Plan or six (6) months from the satisfaction of such conditions and delivery of such deliverables. Notwithstanding the foregoing, the Parties may, jointly and at any time prior to the satisfaction of such conditions and delivery of such deliverables, agree that Accuray shall complete development of the Cayman 2 Product.

(c) Prototype Acceptance. Upon completion by Accuray of the development of the Cayman 2 Product, Accuray shall make available one prototype thereof to Siemens for acceptance testing. The Steering Committee will oversee the performance of an acceptance review by Siemens of the Cayman 2 Product to confirm that such prototype conforms with the Cayman 2 Functional Specification and the acceptance criteria set forth in the Cayman 2 Detailed Plan. If the Cayman 2 Product passes the acceptance review and is CE Marked, the Cayman 2 Product shall be deemed accepted by Siemens as being in accordance with such functional specification and such acceptance criteria. By way of clarification, such acceptance review shall include consideration of factors related to the functionality and performance of the Cayman 2 Product (including the Accuray Components and Interface incorporated therein), but shall not include consideration of the status of 510(k) clearance.

2.4 Regulatory Approval of Cayman Products. Each of the Parties agree to use commercially reasonable efforts to promptly complete and have accepted all regulatory filings required for the distribution of the Cayman Products at such times as may be approved by the Steering Committee. Such efforts include reasonable cooperation between the Parties to the extent necessary to complete and have accepted such filings. A summary of the regulatory roles and responsibilities of the Parties is set forth in Schedule 2.4, and such Schedule is subject to revision by the Steering Committee from time to time. Except as set forth in such Schedule, each Party shall bear all expenses incurred by it in connection with this Section 2.4.

2.5 Distribution of Cayman Products.

(a) Distribution by Siemens. During the Term and subject to the provisions of this Section 2.5, Siemens shall have the exclusive, worldwide right to purchase from Accuray the Accuray Components and the Interface solely for use in Cayman Products in which Accuray Components and the Interface are integrated and that are sold for use within the Scope. Siemens shall use commercially reasonable efforts to promote, market, sell, distribute, service, and provide technical support for the Cayman Products for use within the Scope in such countries as it determines in its sole discretion, subject to receipt of all regulatory approvals required therefor, provided, however, that Siemens shall not be required to purchase any minimum number of Accuray Components or Interfaces from Accuray in any given period.

(b) Rights of Accuray. By way of clarification, (i) Accuray shall have the right at any time to develop, market, license and/or sell any Accuray products containing or derived from any Accuray Components for use within the Scope with or to any Entity and (ii) Accuray shall have the right to develop and market any Accuray Component(s) or any products

derived therefrom for use within the Scope to or with any Entity; provided, that Accuray shall not license or sell during the Term any Accuray Component(s) or any products derived therefrom for use within the Scope to any Entity for use with any gantry-based linear accelerator system (other than any such system that is a product of Accuray) so long as Siemens continues to have exclusive distributorship rights for the Accuray Components and Interfaces under this Agreement. The Parties acknowledge and agree that no restrictions are imposed under this Agreement with respect to the development, marketing, or sale by Accuray of Accuray Components or any products containing or derived from any Accuray Components for use outside the Scope. The Parties further acknowledge and agree that no restrictions are imposed under this Agreement with respect to any products, technology or Intellectual Property acquired by Accuray from a Third Party (by purchase or license from such Third Party or by means of an acquisition of such Third Party or of a business of such Third Party, or otherwise) following the Effective Date, including any derivatives of such products, technology or Intellectual Property or products derived therefrom (collectively, "Acquired Third Party Technology"), other than Acquired Third Party Technology that is primarily acquired for implementation in Accuray Components to be used in the Cayman Products or that is acquired from Third Parties to whom Accuray has outsourced technology development related to the Cayman Products. In addition, the Parties further acknowledge and agree that the definitions of "Accuray Components," "Designated Improvements," and "Improvements" shall not include any Acquired Third Party Technology, other than Acquired Third Party Technology that is primarily acquired for implementation in Accuray Components to be used in the Cayman Products or that is acquired from Third Parties to whom Accuray has outsourced technology development related to the Cayman Products.

(c) Advertisement of Cayman Products. Siemens shall be responsible for developing an advertising and marketing plan for the Cayman 1 Product (including the principal marketing materials, the "Marketing Plan") prior to the Initial Shipment Date. The Marketing Plan shall be approved by the Steering Committee prior to implementation, such approval not to be unreasonably withheld or delayed. Siemens may, at any time after the adoption of the Marketing Plan, amend or update such Marketing Plan, and shall, prior to the commencement of sales of the Cayman 2 Product, amend the Marketing Plan to include an advertising and marketing plan for the Cayman 2 Product, in each case, subject to the approval of the Steering Committee, such approval not to be unreasonably withheld or delayed. Siemens will use commercially reasonable efforts to implement the Marketing Plan, and will be responsible for all expenses incurred in connection with such efforts.

(d) Termination of Exclusivity. Accuray shall have the option, at its sole discretion, to terminate the exclusivity of the rights to purchase the Accuray Components and the Interface granted to Siemens by Accuray pursuant to Section 2.5(a) if:

(i) Sales Targets.

(1) The cumulative sales of the Cayman Products and Cayman Upgrades by Siemens in any Sales Year are less than the target set forth on Schedule 2.5(d)(i)(1) (the "Targets"):

(A) by {*****}% or more per Sales Year for any two consecutive Sales Years; or

(B) by {*****}% or more in any Sales Year; and

(2) The number of CyberKnife Systems sold by Siemens pursuant to its distributorship relationships with Accuray created pursuant to Article III in any Siemens fiscal year are less than the targets in such fiscal year set forth on Schedule 2.5(d)(i)(2).

(ii) Initial Shipment Date. The Initial Shipment Date has not occurred within one year of the 510(k) Clearance.

By way of clarification, such termination will not terminate Siemens' distributor rights, which will continue on a non-exclusive basis, subject to Section 2.5(e).

(e) Termination of Distribution Rights. The purchase and distribution rights granted to Siemens by Accuray pursuant to Section 2.5(a) shall automatically terminate 36 months after an applicable Termination Election made in accordance with Section 10.3. By way of clarification, (i) the exclusivity of such rights shall not be affected by such Termination Election during such 36-month period, (ii) such rights shall remain exclusive during such 36-month period (unless such exclusivity is or has previously been otherwise terminated pursuant to the terms hereof), and (iii) Siemens shall have no right to distribute Accuray Components purchased under and Accuray shall have no obligation to accept any purchase order submitted by Siemens with a requested delivery date after such 36-month period.

(f) Accuray Distribution Rights. Upon the termination of the exclusivity of Siemens' rights pursuant to Section 2.5(d) or of Siemens' rights pursuant to Section 2.5(e):

(i) Accuray shall have the worldwide, non-exclusive right to sell the Upgrade to any Entity who owns or operates, or will own or operate, an {*****}, provided, however, that if Accuray terminated any of Siemens' rights pursuant to Sections 2.5(d) or 2.5(e), Accuray shall pay a system interface license fee in the amount set forth in Schedule 2.5(f) for each such sale of an Upgrade; and

(ii) Siemens agrees to (1) not interfere with the exercise of such rights by Accuray, (2) to not take any action whose primary purpose is to block or limit the continued operability of the Upgrade with {*****}, and (3) to negotiate in good faith with Accuray for the continued compatibility and operability of the Upgrade with {*****}.

2.6 Availability of Accuray Components and Interface.

(a) Accuray shall be responsible for the manufacture of the Accuray Components and Interface. During the Term and after receipt of all required regulatory approvals and consents applicable to such Accuray Components or Interfaces (such period, the

"Availability Period"), Accuray shall fulfill any purchase order for Accuray Components and Interfaces that is submitted by Siemens in accordance with Section 2.8.

(b) Upon an applicable Termination Election made in accordance with Section 10.3, Accuray's obligations set forth in Section 2.6(a) shall terminate in their entirety 36 months after such Termination Election (the "Termination Date"). By way of clarification, Accuray shall have no obligation to accept any purchase order submitted by Siemens with a requested delivery date after the Termination Date.

(c) Accuray shall have the option, at its sole discretion, to terminate its obligations under Section 2.6(a), including, without limitation, its obligations to manufacture the Accuray Components and Interface and to fulfill any purchase order for Accuray Components and Interfaces submitted by Siemens, if, for any Sales Year, the sales of the Cayman Products during such Sales Year by Siemens are {*****}% or more below the Target for such Sales Year.

(d) In the event that (i) Accuray discontinues the manufacture of any Accuray Component and/or the Interface incorporated in the Cayman Product or ceases to make any Accuray Component and/or Interface incorporated in the Cayman Product available to Siemens (such discontinued or unavailable products, the "Discontinued Products") during the Term, other than pursuant to Section 2.6(c), and (ii) Accuray has not terminated Siemens' exclusive distribution rights pursuant to Sections 2.5(d) or 2.5(e), Accuray shall, upon the written request of Siemens, grant to Siemens a non-exclusive, worldwide and non-transferable license under the Intellectual Property then owned by Accuray or the licensing of which is then controlled by Accuray that is embodied in or that protects the then existing form of the Discontinued Products solely to the extent necessary to enable Siemens to manufacture the Discontinued Products for use within the Scope and to sell the Discontinued Products solely as integrated in Cayman Products that are sold for use within the Scope, all on commercially reasonable terms and MFN Terms. The other terms of such licenses shall otherwise be as agreed upon and approved by the Steering Committee. For the avoidance of doubt, such licenses shall terminate upon the later of (A) the expiration of the Term or (B) two years from the date Accuray discontinues manufacture of the Discontinued Products or ceases to make the Discontinued Products available to Siemens.

(e) Accuray shall have the right during the Term to modify the Accuray Components as it may in its sole discretion determine, provided that any such modified Accuray Components are compatible with the Cayman Product and shall not deviate from the applicable Functional Specification.

2.7 Pricing of Accuray Components and the Interface .

(a) Accuray Components for the Cayman 1 Product . The purchase price payable by Siemens to Accuray for the Accuray Components and Interface for the Cayman 1 Product (both including and excluding a purchase of a {*****}) shall be as set forth in Schedule 2.7(a) for the period commencing on the Effective Date and ending two years thereafter. Within 30 days before the two-year anniversary of the Effective Date and thereafter on a corresponding annual basis, the Steering Committee shall, in good faith, review and approve the purchase price payable by Siemens for the Accuray Components for the Cayman 1 Product (both including and excluding a purchase of a {*****}).

(b) Accuray Components for the Cayman 2 Product . The purchase price payable by Siemens to Accuray for the Accuray Components and Interface for the Cayman 2 Product (both including and excluding a purchase of a {*****}) shall be reviewed and approved annually by the Steering Committee commencing the year after approval of the Cayman 2 Detailed Plan. Such approval by the Steering Committee shall be made in good faith; provided, that the purchase price of the Accuray Components for the Cayman 2 Product payable by Siemens (both including and excluding a purchase of a {*****}) shall be commercially reasonable, on MFN Terms, and subject to the guidelines set forth in Section 2.3(a)(ii).

(c) Installation for the Accuray Components and the Interface . The service charge for installation provided by Accuray for the Accuray Components and the Interface shall be based upon the United States installation service charge set forth in Schedule 2.7(c) with modifications solely to the extent necessary to account for regional cost differences, and shall be reviewed and approved by the Steering Committee after completion of five installations by Accuray of the Accuray Components and Interfaces at customer sites and thereafter on a corresponding annual basis. Such approval shall be made in good faith; provided, that such service charge shall be commercially reasonable and on MFN Terms.

2.8 Purchase Terms and Conditions. Unless otherwise agreed by the Parties, any purchase of Accuray Components or Interfaces by Siemens or any of its Affiliates pursuant to the terms of this Agreement shall be subject to the Terms and Conditions attached hereto as Exhibit B. By way of clarification, (i) such Terms and Conditions shall only apply to the purchase of Accuray Components and/or Interfaces and shall not apply to purchases of CyberKnife Systems, (ii) any purchase order for Accuray Components and/or Interfaces must not contain any terms or conditions that contradict the provisions set forth in this Agreement, including, without limitation, Exhibit B, and any such contradictory terms are invalid, and (iii) Siemens shall cause any of its Affiliates purchasing Accuray Components and/or Interfaces pursuant to the terms of this Agreement to agree to be bound by and comply with such Terms and Conditions and any provision of this Agreement related to or applicable to such purchase.

2.9 Product Labeling. The Cayman Products shall be packaged and labeled with the Siemens brand name and logo and as otherwise determined by Siemens in its reasonable discretion. All marketing and communications materials for the Cayman Products shall include both the Siemens and Accuray logos in a manner consistent with the Siemens strategic alliance partners marketing guidelines. The exact form and contents of such references shall be agreed upon by the Steering Committee in good faith. Siemens shall, at the request of Accuray, use commercially reasonable efforts to cause customer sites agreed upon by the Steering Committee in good faith to include conspicuous markings stating that the Cayman Product incorporates Accuray's technology. The exact form and contents of such markings shall be agreed upon by the Steering Committee in good faith and consistent with the Siemens strategic alliance partners marketing guidelines.

2.10 Product Support and Installation.

(a) Installation. Siemens shall always be responsible for installing the Cayman Products, including, without limitation, the Accuray Components and Interface, at the customer location. However, Siemens shall have the right to request, which request will be made

in the purchase order for Accuray Components and Interfaces, that Accuray install the Accuray Components and Interfaces. Any such installation that Accuray agrees to provide, as evidenced by its signature on such purchase order, shall be provided by Accuray (or by any of its Affiliates or any Third Party) at the price determined pursuant to Section 2.7(c). Accuray shall provide to Siemens (i) the technical information related to the Accuray Components and the Interface (including drawings and schematics) owned or controlled by Accuray that is reasonably necessary for Siemens to install the Cayman Product (it being understood that the information provided by Accuray will be of the same scope and nature that Accuray provides to other distributors of Accuray products, and, in any case, will not contain the information necessary to allow for the manufacture of any Accuray Component or the Interface), (ii) an initial draft of acceptance test procedures for the Accuray Components and the Interface, (iii) the applicable installation training materials, (iv) the applicable escalation support procedure, and (v) the applicable site readiness requirements. Accuray will provide Siemens access to any tools required for the installation or service of Accuray Components and/or the Interface on MFN Terms.

(b) Service. Siemens shall be the exclusive service provider for the Cayman Products, including, without limitation, the Accuray Components and the Interface, and shall have the responsibility for providing such service. Siemens is entitled to subcontract to Accuray, and Accuray is obliged to accept any such subcontract in any region where Accuray has a direct service presence, such service for the Accuray Components and the Interface, provided, however, that the terms and conditions of such subcontract shall be commercially reasonable and on MFN Terms. Accuray shall provide 4th-level support for installation and service (i.e., engineering support to Siemens Headquarter Service Center) for the Accuray Components and the Interface, in a timely manner and upon Siemens' request, (i) at no cost, if such support is covered by a then-effective warranty on such Accuray Components and/or Interface, or (ii) otherwise, on a time and materials basis at Accuray's then current time and material rates or on the terms of any services contract entered into between Accuray and Siemens, such contract to be on commercially reasonable terms and MFN Terms. Siemens shall be responsible for the technical service documentation for the Cayman Products and Accuray shall provide to Siemens (1) the technical information related to the Accuray Components and the Interface (including drawings and schematics) owned or controlled by Accuray that is reasonably necessary for Siemens to perform the services for the Cayman Product that are contemplated hereby to be performed by Siemens and to create such technical service documentation (it being understood that the information provided by Accuray will be of the same scope and nature that Accuray provides to other distributors of Accuray products and sufficient in scope such that trained service personnel will be capable of performing effective troubleshooting, and, in any case, will not contain the information necessary to allow for the manufacture of any Accuray Component or the Interface), (2) the service concept for the Accuray Components, including information related to the remote service features, if any, field replaceable units, spare parts, applicable service training materials, and the escalation support procedure thereof, (3) information regarding the spare parts for the Accuray Components and the Interface, including the Accuray pricing thereof, and (4) necessary information regarding the anticipated delivery times for spare parts of the Accuray Components and/or Interface.

(c) Training. Upon acceptance of the Cayman 1 Product prototype pursuant to Section 2.2(e), Accuray will make available to Siemens "train the trainer" training for the

service, installation, application support, and customer training of the applicable Accuray Components and Interface. Accuray will provide such training (including the cost of the training courses and required materials) to a maximum of 5 Siemens training personnel for 10 training days each, up to a maximum of 50 total training days. Such training days must be used by Siemens within a six month period starting upon the earlier of the first such training day and the Initial Shipment Date. Upon acceptance of the Cayman 2 Product prototype pursuant to Section 2.3(c), Accuray will make available to Siemens "train the trainer" training for the service, installation, application support, and customer of the applicable Accuray Components and Interface. Accuray will provide such training (including the cost of the training courses and required materials) to a maximum of 5 Siemens training personnel for 5 training days each, up to a maximum of 25 total training days. Such training days must be used by Siemens within a six month period starting upon the earlier of the first such training day and the date of the first shipment of the Cayman 2 Product.

By way of clarification, such training is provided by Accuray to Siemens in connection with this Agreement and the acceptance of the Cayman 1 Product and the Cayman 2 Product and Accuray shall have no obligation under this Section 2.2(c) to provide training to Siemens personnel in connection with any sale of Cayman Products to Third Parties. Any additional Siemens personnel or training days reasonably requested by Siemens will be provided by Accuray on MFN Terms and shall be paid for by Siemens.

All such training will be provided in English only and, at the Steering Committee's discretion, at either Accuray's Sunnyvale, California facility or Siemens' Concord, California facility, on the applicable final Cayman Products or Cayman Product prototypes that are substantially equivalent to such final Cayman Products. Siemens shall be responsible for all other costs and expenses, including travel and lodging, incurred by it or its personnel to attend such training. In addition, Siemens shall be responsible for providing appropriate interpretation and translation services necessary to ensure its personnel can participate in a meaningful and effective way in the training courses provided by Accuray.

2.11 Rights to Improvements.

(a) Designated Improvements. The Parties agree that, following the later of (i) the second anniversary of the first shipment date of the Cayman 2 Product and (ii) two years after the date on which a Designated Improvement was first incorporated into a commercially-released product of Accuray (the "Designated Improvement Trigger Date"), Accuray will make available for purchase by Siemens, for use in a modified Cayman Product sold by Siemens and solely within the Scope, such Designated Improvement. Notwithstanding the foregoing, Accuray's obligation to make available such Designated Improvement after such Designated Improvement Trigger Date shall be subject to Accuray and Siemens agreeing on the price and other terms and conditions on which Accuray may make available such Designated Improvement for purchase by Siemens and use solely within the Scope; provided, however, that the price must be commercially reasonable and on MFN Terms; and, provided, further, that a failure of the Parties to reach agreement on the price or other terms and conditions under which such Designated Improvement will be made available for purchase by Siemens shall not constitute a breach of the provisions of this Section 2.11(a) by Accuray so long as Accuray has negotiated in good faith.

(b) Other Improvements. From and after the time that Accuray is required to complete development of the Cayman 2 Product pursuant to Section 2.3(b), the Steering Committee shall periodically review and determine whether to request that Accuray consider making available pursuant to the terms of this Section 2.11(b) a particular improvement or new functionality developed by Accuray relating to the Cayman Products (other than a Designated Improvement) that (i) Accuray has not then incorporated in the Accuray Components and (ii) would allow the Cayman Products to be competitive with the commercially released products of the Siemens Major Competitors that are primarily marketed and/or sold within the market defined by the Scope (each, an "Improvement"). Such review and determination shall be made by the Steering Committee in good faith based on the following guidelines: (1) such Improvement shall not enable Siemens to offer products with radiosurgery functionality and performance that could be marketed/sold as a direct substitute to the then-current version of the CyberKnife System, and (2) such Improvement shall have been first incorporated into a commercially-released product of Accuray at least two years prior to the then-current date. Upon the Steering Committee determining to request Accuray to consider making available a particular Improvement pursuant to the terms of this Section 2.11(b), Accuray shall consider in good faith whether to make such Improvement available for purchase by Siemens, for use in a modified Cayman Product sold by Siemens and solely within the Scope. If Accuray agrees to make available an Improvement requested by the Steering Committee hereunder, Accuray's obligation to make available such Improvement shall be subject to Accuray and Siemens agreeing on the price and other terms and conditions on which Accuray may make available such Improvement for purchase by Siemens and use solely within the Scope; provided, however, that the price must be commercially reasonable and on MFN Terms; and, provided, further, that a failure of the Parties to reach agreement on the price or other terms and conditions under which such Improvement will be made available for purchase by Siemens shall not constitute a breach of the provisions of this Section 2.11(b) by Accuray so long as Accuray has negotiated in good faith.

(c) Limitations. For the avoidance of doubt, in no event shall Accuray be obligated under this Section 2.11 to provide or make available any improvement or new functionality (i) outside the Scope or (ii) after the Term (or any earlier termination of this Agreement).

2.12 Intellectual Property.

(a) Grant of Rights by Accuray. Accuray and its licensors retain all Intellectual Property rights in the Accuray Components. Accuray hereby grants Siemens a nonexclusive, non-transferable, royalty-free and worldwide right, with the right to grant sublicenses to Affiliates of Siemens, (i) to use the software provided in connection with the Accuray Components that are purchased by Siemens hereunder only in machine readable form and only in combination with the Cayman Products with which such software is provided, solely for the purposes of carrying out its rights and obligations hereunder, and (ii) to grant purchasers of Cayman Products a nonexclusive, non-transferable and royalty-free right to use the software provided in connection with the Accuray Components only in machine readable form and only in combination with the purchased Cayman Products with which such software is provided. Siemens agrees that it and its Affiliates shall not, and shall not permit purchasers of Cayman Products, to use such software in any other manner or to copy, modify, or disclose or make

available such software, in whole or in part, to any Third Party. Accuray hereby grants Siemens a nonexclusive, non-transferable, royalty-free and worldwide license, with the right to grant sublicenses to Affiliates of Siemens, under any Patents owned by Accuray or the licensing of which is controlled by Accuray, solely for the purpose of (i) assembling and integrating the Accuray Components with the {*****} to create the Cayman Product, including developing any interfaces or hardware modifications that are required to enable the {*****} to interoperate with the Interface and the Accuray Components in accordance with applicable Functional Specification and (ii) marketing, offering for sale, selling, installing and delivering product support of Cayman Products. Accuray hereby grants to purchasers of Cayman Products a nonexclusive, non-transferable and royalty-free license under any method Patents owned by Accuray or the licensing of which is controlled by Accuray that, but for this license, would be infringed by the use of such Cayman Products in accordance with their applicable Functional Specifications solely within the Scope. No rights or license, whether express or implied, are granted by Accuray in this Agreement to Siemens under any Intellectual Property of Accuray other than as expressly granted by Accuray in this Agreement.

(b) Grant of Rights by Siemens. During the term of this Agreement and until completion of the development activities contemplated by Sections 2.1, 2.2 and 2.3, Siemens hereby grants to Accuray a non-exclusive, non-transferable, royalty-free and worldwide license of the Intellectual Property owned by Siemens or the licensing of which is controlled by Siemens that is embodied in the {*****} and/or the TxT Couch or is otherwise necessary for Accuray to develop the Interface and make any modifications to Accuray hardware or software that are necessary to implement the Cayman 1 Functional Specification or the Cayman 2 Functional Specification (including interface specifications and other relevant documentation), solely to the extent necessary for Accuray to develop the Interface and carry out its other responsibilities under Sections 2.1, 2.2 and 2.3. The Steering Committee shall approve the specific items of software and other embodiments of Intellectual Property of Siemens that will be licensed and delivered by Siemens to Accuray under this Section 2.12(b), it being agreed that all such embodiments constitute Confidential Information of Siemens under the Confidentiality Agreement. No rights or license, whether express or implied, are granted by Siemens in this Agreement to Accuray under any Intellectual Property of Siemens other than as expressly granted by Siemens in this Agreement.

(c) Ownership of Inventions.

(i) Accuray Inventions. Accuray shall have and retain sole and exclusive, right, title and interest to all inventions, improvements, discoveries, know how and other Intellectual Property which are made or developed during the Term solely by Accuray, its Affiliates, and/or its employees or agents acting under authority from Accuray, in connection with the development and distribution of the Cayman Products, including, without limitation, the Accuray Components and all improvements thereto. After having been created, Accuray shall promptly inform Siemens at the next meeting of the Steering Committee about any such inventions, improvements, discoveries, know how and other Intellectual Property that is solely related to the development of the Cayman Products during the Term ("Accuray Cayman Related Inventions"). For the avoidance of doubt, such Accuray Cayman Related Inventions are being disclosed for the sole purpose of enabling the Steering Committee for determining whether such Accuray Cayman Related Inventions are Joint Inventions or Allocated Inventions.

(ii) Siemens Inventions. Siemens shall have and retain sole and exclusive, right, title and interest to all inventions, improvements, discoveries, know how and other Intellectual Property which are made or developed during the Term solely by Siemens, its Affiliates, its employees or its agents acting under authority from Siemens, in connection with the development and distribution of the Cayman Products, including, without limitation, the {*****} and all improvements thereto. After having been created, Siemens shall promptly inform Accuray at the next meeting of the Steering Committee about any such inventions, improvements, discoveries, know how and other Intellectual Property that is solely related to the development of the Cayman Products during the Term ("Siemens Cayman Related Inventions"). For the avoidance of doubt, such Siemens Cayman Related Inventions are being disclosed for the sole purpose of enabling the Steering Committee for determining whether such Siemens Cayman Related Inventions are Joint Inventions or Allocated Inventions.

(iii) Joint Inventions.

(1) Accuray and Siemens shall have and retain jointly all right, title and interest to all inventions, improvements, discoveries, know how, and other Intellectual Property which are made or developed during the Term jointly by Accuray and Siemens, their Affiliates, their employees, or their agents acting under authority from Accuray or Siemens, in connection with the development and distribution of the Interface (the " Joint Inventions"). Each Party shall obtain from all of its employees, consultants and contractors who participate in the creation or development of any Joint Invention all such executed assignments or other documents as may be necessary to assign to, and vest exclusively in, such Party all right, title and interest to the Joint Invention to the extent made or developed by such employees, consultants and contractors. Each Party shall have the unencumbered right to use, execute, reproduce, display, perform, distribute, modify, create derivative works of, make, have made, market, offer for sale, sell, import and sub-license products incorporating such Joint Inventions, in each case with no duty to account to the other Party. Upon identification of any Joint Invention, the Steering Committee shall approve the scope of any governmental filings advisable in order to protect the Parties' rights in such Joint Invention, the responsibilities of each Party related to the submission and maintenance of such filings and such Joint Invention, and the allocation of the expenses of the foregoing among the Parties. In the event that the Steering Committee elects not to or does not approve the submission of any governmental filing for a Joint Invention, either Party may, at its own expense, submit such filing; provided, however, that notice of any such filing must be provided to the other Party and the other Party must be given an opportunity to participate, at its own expense, in such filing (an election to participate in such filing being required to be made by the other Party within 30 calendar days after receipt of written notice of the intent of such Party to submit such filing). If the other Party does not elect to participate in such filing, (1) the filing will be made solely in the name of the Party making the filing and any Patent that is issued in respect thereof will be owned solely by such Party, provided that the other Party shall have an irrevocable, nonexclusive, non-transferable, and royalty-free and worldwide license under such Patent, with the right to grant sublicenses to its Affiliates and grant sublicense to Third Parties for the purpose of making products solely for such other Party or its Affiliates, and (2) the other Party shall cooperate with such Party, execute all lawful papers and instruments, and make all rightful oaths and declarations, as reasonably requested by such Party and at such Party's expense, as may be necessary in connection with the preparation, prosecution, maintenance and enforcement of all Patent rights relating to such Joint Invention. Such Party

requesting such assistance shall reimburse the other Party for all reasonable out-of-pocket costs and expenses incurred by such other Party in providing such assistance. If any Party submits any governmental filing for a Joint Invention in which the other Party does not elect to participate, such Party shall control the prosecution of such filing and shall be responsible for the maintenance and control the enforcement of any Patent that issues in respect thereof; provided such Party agrees to consult with the other Party with respect to the prosecution of any filings relating to such Joint Invention and to provide the other Party a reasonable opportunity to review and provide comments regarding any filings and other substantive communications to and from the applicable governmental patent office or agency regarding such filing; provided that the other Party shall not unreasonably delay its review and provision of comments regarding such filings and substantive communications and, in any event, shall provide to such Party, in writing, any comments it has regarding such filings or substantive communications within 30 calendar days after receipt of such filings or substantive communications from such Party. The Party prosecuting such filing shall use reasonable efforts to incorporate the other Party's comments into such filings and substantive communications. Should the Party prosecuting such filing determine to abandon the prosecution of such Patent application or the maintenance of any Patent that issues on such Patent application, such Party shall provide timely notice of such determination to the other Party and, if the other Party so requests within 30 calendar days after it receives notice of such abandonment, such other Party may assume responsibility for the prosecution of such filing or the maintenance of such Patent pursuant to the terms of this Section 2.12(c)(iii)(1). Such Patent application or Patent shall be assigned to the other Party for no additional consideration, subject to retention by such Party of an irrevocable, nonexclusive, and royalty-free license under any Patent that issues on such Patent application or such Patent, with the right to grant sublicenses to its Affiliates and grant sublicense to Third Parties for the purpose of making products solely for such Party or its Affiliates,.

(2) Other than the Joint Inventions, all inventions, improvements, discoveries, know how or other Intellectual Property which are made or developed during the Term jointly by Accuray and Siemens, their Affiliates, their employees, or their agents acting under authority from Accuray or Siemens, solely in connection with the development and distribution of the Cayman Products hereunder, to the extent that employees, consultants, and/or contractors of Accuray and Siemens would be considered the joint inventors, joint authors, or joint creators, as the case may be, of such Intellectual Property under the intellectual property laws of the United States (an " Allocated Invention"), shall be allocated as follows:

(A) all Allocated Inventions that primarily relate to any of the Accuray Components will be owned solely by Accuray;

(B) all Allocated Inventions that primarily relate to the {*****} or the TxT Couch will be owned solely by Siemens; and

(C) all other Allocated Inventions will be treated as Joint Inventions that are subject to the terms of Section 2.12(c)(iii)(1).

The Steering Committee will approve a determination with respect to each Allocated Invention that is identified of whether such Allocated Invention primarily relates to any of the Accuray

Components or primarily relates to {*****} or the TxT Couch and, accordingly whether such Allocated Inventions will owned solely by Accuray, solely by Siemens, or will be treated as a Joint Invention that is jointly owned by Accuray and Siemens and that is subject to the terms of Section 2.12(c)(iii)(1). If the Steering Committee is unable to approve any such determination within 30 calendar days, such determination shall be submitted for resolution pursuant to the provisions of Section 11.3 (Dispute Resolution).

If a Party that wholly-owns any Allocated Invention desires to seek Patent protection with respect thereto (including, without limitation, in connection with seeking to file a continuation in part Patent application with respect thereto), the other Party shall reasonably cooperate in connection therewith, including by executing and delivering such conveyances, assignments, assurances, powers of attorney, and other instruments or documents as may be reasonably required by such Party and using commercially reasonable efforts to procure any executed assignments or other instruments or documents from any employee or consultant of such other Party who is a co-inventor of such Allocated Invention. Each Party shall execute all such other lawful papers and instruments and make all rightful oaths and declarations, as reasonably requested by the other Party and at the other Party's expense, as may be necessary in connection with the preparation, prosecution, maintenance and enforcement of all Patent rights of such other Party relating to Allocated Inventions that are wholly-owned by such other Party. Such Party requesting such assistance shall reimburse the other Party for all reasonable out-of-pocket costs and expenses incurred by such other Party in providing such assistance. The Party that wholly-owns an Allocated Invention shall control the preparation, filing, prosecution, maintenance and enforcement of all Patent rights that relate to such Allocated Invention; provided that such Party agrees to consult with the other Party with respect to the prosecution of any Patent applications relating to such Allocated Invention and to provide the other Party a reasonable opportunity to review and provide comments regarding any filings and other substantive communications to and from the applicable governmental patent office or agency regarding such pending applications; provided that the other Party shall not unreasonably delay its review and provision of comments regarding such filings and substantive communications and, in any event, shall provide to such Party, in writing, any comments it has regarding such filings or substantive communications within 30 calendar days after receipt of such filings or substantive communications from such Party. The Party prosecuting such Patent application shall use reasonable efforts to incorporate the other Party's comments into such Patent application and substantive communications. Should the Party prosecuting such Patent application determine to abandon the prosecution of such Patent application or the maintenance of any Patent that issues on such Patent application, such Party shall provide timely notice of such determination to the other Party and, if the other Party so requests within 30 calendar days after it receives notice of such abandonment, assign such Patent application or Patent to the other Party for no additional consideration, subject to retention by such Party of an irrevocable, nonexclusive, and royalty-free license under any Patent that issues on such Patent application or such Patent.

Each Party hereby assigns and agrees to assign to the other Party all of such Party's right, title, and interest in and to any Allocated Invention (including all Intellectual Property therein or thereto) that is to be wholly owned by the other Party in accordance with the allocation of ownership of Allocated Inventions set forth above. Each Party shall obtain from all of its employees, consultants and contractors who participate in the creation or development of any

Allocated Invention that is to be wholly owned by the other Party in accordance with the allocation of ownership of Allocated Inventions set forth above all such executed assignments as may be necessary to assign to, and vest exclusively in, such Party all Intellectual Property rights in and to all such Allocated Inventions. Each Party will execute and deliver, and cause all employees, consultants and contractors who participate in the creation or development of any Allocated Invention that is to be wholly owned by the other Party to execute and deliver, any and all assignments or other documents necessary to effectuate such assignment of Allocated Inventions to the other Party.

(iv) License of Allocated Inventions. The Party that wholly-owns any Allocated Invention (the "Licensor") shall grant to the other Party (the "Licensee") an irrevocable, nonexclusive, non-transferable, royalty-free and worldwide license of any Patent obtained by the Licensor, including the right to grant sublicences to its Affiliates, (i) in the case of any such license granted by Accuray to Siemens, such license shall be exercisable solely in connection with gantry-based radiation treatment products and (ii) in the case of any such license granted by Siemens to Accuray, such license shall be exercisable solely in connection with robotic based radiation treatment products of Accuray. The licenses granted under this Section 2.12(c)(iv) may be sublicensed to a Third Party that (i) is not an Accuray Competitor, in the case of a license granted by Accuray, or is not a Siemens Competitor, in the case of a license granted by Siemens, (ii) has been engaged by the Licensee to provide design, development or support services relating to the Licensee's products or to sell or distribute Licensee's products (including as an original equipment manufacturer) or is otherwise involved in a collaboration with the Licensee relating to the Licensee's products, and (iii) is a customer of the Licensee where, but for a license under such Patent, such customer's use of the Licensee's product would infringe such Patent; provided that the Licensee shall enter into a sublicense agreement with any such sublicensed Third Party that contains provisions relating to the Licensor's Intellectual Property in such Allocated Invention that are at least as protective as the provisions contained in this Agreement with respect to each Party's Intellectual Property.

(v) Employee Inventor Remuneration. Each Party shall be and remain solely responsible vis-à-vis its own employees for payment of any statutory inventors' fees pursuant to the German Law on employee inventions (*Arbeitnehmererfindungsgesetz*) and/or any similar law in other countries in relation to the Joint Inventions and the Allocated Inventions.

(d) Intellectual Property Covenants.

(i) Patents. Siemens shall not remove or obscure any Patent markings placed on the Accuray Components purchased by Siemens and shall place such other appropriate Patent markings on all Cayman Products, as Accuray may reasonably request in writing to enforce its Patent rights in the Accuray Components.

(ii) Copyrights. Siemens shall not remove or obscure any Copyright notices included in any works of authorship incorporated in the Accuray Components purchased by Siemens. In order to protect against infringement of the other Party's Copyrights, each Party shall mark all of the other Party's copyrighted materials, as requested by the other Party in writing, used by such Party in conducting its activities contemplated by this Agreement with appropriate Copyright markings. Each Party shall cooperate with the other Party, take such

actions, and execute such documents as reasonably requested by the other Party and at the other Party's expense, to assist the other Party in the protection of the other Party's Copyrights that are used in connection with this Agreement.

(iii) Trademarks.

(1) Accuray Trademarks. Accuray shall have and retain sole and exclusive, right, title and interest to all Trademarks owned by Accuray (including without limitation, all Trademarks which are used to market the Accuray Components or the Upgrade) and all goodwill associated therewith.

(2) Siemens Trademarks. Siemens shall have and retain sole and exclusive, right, title and interest to all Trademarks owned by Siemens (including without limitation, all Trademarks (other than "Powered by Accuray") which are used to market the Cayman Products (other than the Upgrade) and all goodwill associated therewith.

(3) Use of Trademarks. Except as expressly set forth in this Agreement, neither Party shall use or register, without the prior express written consent of the other Party, any Trademark owned by the other Party, or any word, title, expression, Trademark, design, or marking that is confusingly similar thereto.

(e) Third Party Infringement.

(i) Notice. If any Party learns of an infringement, unauthorized use or misappropriation by a Third Party with respect to the other Party's Intellectual Property incorporated into any Cayman Product (an " Infringement"), such Party shall promptly notify the other Party and shall provide such other Party with available evidence of such Infringement.

(ii) Infringement of a Party's Intellectual Property. In the case of Infringement that relates to Intellectual Property that is not a Joint Invention, the Party who is the owner of such Intellectual Property shall have the sole right, but not the duty, to institute an infringement or other enforcement action against such Third Party based upon such Infringement. The other Party shall have no right to require such Party to institute any action, and shall have no right to institute any action for or on behalf of such Party.

(iii) Infringement of Joint Inventions. In the case of Infringement that relates to a Joint Invention, the Steering Committee shall approve a decision as to whether to institute an infringement or other enforcement action against such Third Party based upon such Infringement. Any costs associated with such action, and any recoveries from such action, shall be allocated among the Parties as approved by the Steering Committee. In the event that the Steering Committee does not approve the institution of such action, either Party may, at its own expense, institute such action only with the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed. The Party instituting such action shall provide notice of the institution of such action to the other Party and the other Party must be given an opportunity to participate, at its own expense, in such action (an election to participate in such action being required to be made by the other Party within 30 calendar days after written notice of an intent of such Party to institute such action is provide to the other Party).

2.13 {*****}.

2.14 Publicity of Agreement.

(a) ASTRO 2010. The Steering Committee shall, at least 60 days prior to ASTRO 2010, agree upon whether an announcement of the Cayman Product and this Agreement shall be made at ASTRO 2010. If an announcement is to be made, the details of such announcement shall be agreed upon by the Steering Committee prior to such event.

(b) Legally Compelled Disclosure. In the event that a Party is requested or becomes legally compelled (including without limitation, pursuant to securities laws and regulations) to disclose this Agreement, the Party may make such disclosure subject to the provisions of this Section 2.14(b). The Party required to make such disclosure shall provide the other Party with prompt written notice of the requirement to make such disclosure before making such disclosure and, if requested by the other Party, will use its reasonable efforts to cooperate with the other Party to seek a protective order, confidential treatment, or other appropriate remedy with respect to the disclosure.

(c) Press Releases. Other than legally compelled disclosures made pursuant to Section 2.14(b), press releases and other information regarding the conclusion, the content and performance of this Agreement shall only be made available to Third Parties, particularly press agencies, with the prior written consent of the other Party, which shall not unreasonably be withheld and shall in any case be given within ten Business Days (with failure to provide or withhold such consent within such period being deemed to be approval thereof).

ARTICLE III.

DISTRIBUTION RIGHTS OF CYBERKNIFE SYSTEMS

3.1 Distribution Rights for Multiple LINAC or Multi-Modality Purchases. Concurrently with the execution of this Agreement, Accuray shall grant to Siemens non-exclusive, worldwide distribution rights for CyberKnife Systems in connection with Multiple LINAC Purchases or Multi-Modality

Purchases. The terms of such distribution rights shall be set forth in a definitive agreement attached hereto as Exhibit C (the "Multiple LINAC Distribution Agreement"), which shall be executed by the Parties concurrently with the execution of this Agreement. The Multiple LINAC Distribution Agreement shall be substantially similar to Accuray's standard form distribution agreement, provided, however, that the Multiple LINAC Distribution Agreement will also provide that (i) each proposed sale of a CyberKnife System in connection with Multiple LINAC Purchases or Multi-Modality Purchases shall be submitted by Siemens to Accuray for its review, (ii) each such proposed sale is subject to Accuray's written approval, (iii) such approval shall be considered according to the process set forth in Schedule 3.1(a)(iii), (iv) Accuray shall make available for purchase by Siemens and the ultimate purchasers of the CyberKnife System from Siemens installation, training, and service programs, (v) such definitive agreement will terminate upon an applicable Termination Election made in accordance with Section 10.3, and (vi) Siemens shall not be subject to any minimum purchase requirements, but shall agree to the annual sales targets set forth in Schedule 2.5(d)(i)(2) and to using its customary standard sales processes, including, without limitation, the MTA process,

with respect to sales of the CyberKnife System.

3.2 Country and Region Specific Distribution Rights. After the Effective Date, the Parties agree to negotiate in good faith toward the execution of agreements (in addition to the Multiple LINAC Distribution Agreement) granting Siemens distributorship rights for CyberKnife Systems in certain countries and regions throughout the world. The terms of such distribution rights shall be set forth in a definitive agreement to be executed by the Parties. The Parties shall use Accuray's standard form distribution agreement, attached hereto as Exhibit D (the "Form Distribution Agreement"), as the basis for the negotiation of the specific terms of such definitive agreement, provided, that at such time as the first such definitive agreement is entered into, such first definitive agreement will form the basis for subsequent negotiations, provided, however, that (i) such distribution arrangements may be exclusive or non-exclusive in any particular country or region, as mutually agreed by the Parties before execution of such definitive agreement, (ii) any exclusive distribution arrangement shall be subject to termination at the sole discretion of Accuray for failure to meet commercially reasonable annual sales targets; provided, however, that such distribution arrangements will not include any requirement that Siemens purchase any minimum number of CyberKnife Systems in any given period; and (iii) the distributor purchase price of the CyberKnife Systems offered to Siemens in a geographic region shall be {*****} in such geographic region.

3.3 CyberKnife Systems Distribution Obligations.

(a) Accuray. Following the Effective Date, Accuray shall, at its own expense:

(i) provide training on the CyberKnife System and its functionality to Siemens' marketing personnel, provided, however, that the scope, duration, location, and timing of such training shall be commercially reasonable and as set forth in the applicable distribution agreement or as otherwise approved by the Steering Committee;

(ii) assign a dedicated marketing point of contact for Siemens' marketing and sales personnel, which employee may be based at any Siemens facility as requested by the Steering Committee; and

(iii) provide global sales and marketing support, including global and regional sales training and support for individual sales opportunities, to Siemens, provided, however, that the scope, duration, location, availability, and timing of such training and support shall be commercially reasonable and determined as set forth in the applicable distribution agreement or as otherwise approved by the Steering Committee.

(b) Siemens. Following the Effective Date, Siemens shall, at its own expense:

(i) assign dedicated product marketing personnel for CyberKnife System sales within the Siemens global sales channel, including at least one person in Siemens' Oncology Care Systems sales group with primary responsibility, provided, however, that other than such person, the number, location, and availability of such personnel shall be commercially reasonable and as set forth in the applicable distribution agreement or as otherwise approved by the Steering Committee; and

(ii) include the CyberKnife System in each Oncology Care Systems price book and sales operation system, such that all Siemens sales representatives can access quotations for a CyberKnife System at least as easily as all other systems then available for purchase from Siemens.

3.4 Determination of CyberKnife System Sales. The factors set forth on Schedule 3.4 shall be used for purposes of determining when a sale of a CyberKnife System has been completed, including, without limitation, for determining whether the CyberKnife System sales targets set forth in Schedule 2.3(b) and Section 2.5(d)(i)(2) have been satisfied. In addition, any CyberKnife System sale by Accuray or any of its distributors (other than Siemens) (i) that is completed (as determined pursuant to the factors set forth in Schedule 2.3(b)), (ii) whose end-user has not received a quote or documented formal presentation from Accuray demonstrating sales engagement prior to receiving a quote or documented formal presentation from Siemens demonstrating sales engagement, and (iii) whose end-user was initially introduced to Accuray or any of its distributors (other than Siemens) by Siemens within twelve months prior to the completion of such sale; provided, however, that such introduction must be contemporaneously documented by a signed letter from Siemens to Accuray documenting the end-user and the date of the introduction, shall be counted as a sale of a CyberKnife System for purposes of determining whether the CyberKnife System sales targets set forth in Schedule 2.3(b) and Section 2.5(d)(i)(2) have been satisfied. For the avoidance of doubt, nothing in the foregoing sentence shall (1) entitle Siemens to receive any commission or other payment from Accuray in connection with any such sale by Accuray or any of its distributors (other than Siemens) or (2) apply to the replacement of any existing CyberKnife System.

ARTICLE IV.

STEERING COMMITTEE AND ADVISORY COMMITTEE

4.1 Composition. Promptly after the Effective Date, the Parties shall establish two separate committees to coordinate and oversee, and provide advice with respect to, the Parties' efforts relating to this Agreement. A Steering Committee will be formed to take such actions as are designated to be taken by the Steering Committee in this Agreement. The Steering Committee shall consist of 4 voting members (each, a " Voting Member"), with equal representation between the Parties. The initial two Voting Members appointed by Accuray shall be Accuray's Chief Operating Officer and VP Business Development. The initial two Voting Members of Siemens shall be employees of and be appointed by Siemens USA, and shall be designated in due course. There shall also be a separate Advisory Committee established to provide guidance, advice, recommendations and direction to the Steering Committee, but all decision making capacity and voting rights shall vest with the Steering Committee in accordance with the terms and provisions of this Agreement. The Advisory Committee shall consist of 4 members, 2 to be appointed by Siemens and 2 to be appointed by Accuray (each an " Advisory Member"). The initial Advisory Members appointed by Accuray shall be Accuray's Chief Operating Officer and VP Business Development. The initial Advisory Members appointed by Siemens shall be Siemens' VP Research & Development and VP Strategy and Innovation. Each Party may also appoint one alternate member to either Committee (each, an "Alternate Member"), who may attend and vote at meetings of the Steering Committee or may attend the Advisory Committee meetings, as applicable, but only if one or more of such Party's Voting

Member or Advisory Member, as the case may be, is not in attendance at such meeting. Each Voting Member, Advisory Member and Alternate Member may be appointed or removed in the sole discretion of the Entity entitled to appoint such Voting Member, Advisory Member or Alternate Member pursuant to this Section 4.1 by written notice to the other Party. Each Voting Member and Advisory Member shall be a vice-president or higher level executive of the Entity entitled to appoint such Voting Member or Advisory Member pursuant to this Section 4.1, as the case may be. The Alternate Member of an Entity entitled to appoint such Alternate Member pursuant to this Section 4.1 may be any employee of such Entity, as determined in such Entity's sole discretion.

4.2 **Meetings**. The Steering Committee shall meet, either telephonically or in person, as often as necessary or appropriate in order to carry out its duties and to reach agreement upon any approval required or entitled to be given by the Steering Committee under this Agreement. Similarly, the Advisory Committee may meet, either telephonically or in person, as often as necessary or appropriate, or at the request of the Steering Committee, in order to carry out its duties and provide guidance and recommendations to the Steering Committee in a timely manner. Such meetings shall be at such places and times as may be approved by the Steering Committee, provided, however, that (i) the Steering Committee and the Advisory Committee shall each have at least one in person meeting each quarter, alternating between a location in the United States designated by the Voting Members or Advisory Members, as the case may be, appointed by Accuray and a location in Europe designated by the Voting Members and the Advisory Members appointed by Siemens and (ii) each meeting shall have at least one member from each Party in attendance. The attendance of three or more members of the Steering Committee shall constitute a quorum for conducting business and voting at any meeting of the Steering Committee. Minutes shall be kept of each meeting of the Steering Committee and Advisory Committee, and copies thereof shall be provided to each of the members.

4.3 **Steering Committee Voting**. Each Voting Member present at a meeting of the Steering Committee shall have one vote as to all matters presented for vote at such meeting, provided, however, that if one or more of a Party's Voting Members is absent and such Party's Alternate Member is present, such Alternate Member shall have one vote as to all matters presented for vote at such meeting. All approvals, consents, or actions which may or are required to be taken by the Steering Committee pursuant to this Agreement shall be documented in writing and signed by at least one of the representatives of each Party (and all references in this Agreement to any such approval, consent, or action shall be construed accordingly). Any matters submitted to the Steering Committee for approval as to which the Steering Committee cannot reach a unanimous vote shall be escalated for resolution in accordance with the escalation procedures described in Section 11.3 of this Agreement. Within fifteen days following each Steering Committee meeting, the Steering Committee shall prepare and provide to each Party a reasonably detailed written summary report which shall describe any approval, consent, or other action approved by the Steering Committee.

4.4 **Steering Committee Review**. In addition to the other duties and determinations that the Steering Committee is required or entitled to make pursuant to this Agreement, the Steering Committee shall, at least annually, conduct a formal product roadmap review (including a review of the Cayman Products) and evaluation of potential collaboration opportunities between the Parties.

4.5 **Expenses**. Each Party shall bear all expenses incurred in connection with such Party's (and its Affiliates') Voting Members', Advisory Members' and/or Alternate Member's attendance and participation at meetings of either the Steering Committee or the Advisory Committee

ARTICLE V.

FUTURE COLLABORATION

5.1 **Collaboration on Future Product Portfolio**. Subject to the provisions of this Agreement, the Parties agree to use commercially reasonable efforts to collaborate together on development of a {*****} that leverages each Party's respective technology and expertise.

5.2 **Process.**

(a) Development of Concept. Within six months of the Effective Date, the Steering Committee shall develop a detailed joint business case and product portfolio concept for {*****} that leverages each Party's respective technology and expertise (the " Concept").

(b) Approval and Pursuit of Concept. After development of the Concept, the Steering Committee shall, within three months of completion of the Concept, either approve or disapprove the joint pursuit of the implementation of the Concept. If the Steering Committee approves joint pursuit of the implementation of the Concept, the Steering Committee will create a plan for the implementation of the Concept, including detailed timelines and responsibilities for each Party (the "Concept Plan"). The Steering Committee shall review and update the Concept and the Concept Plan at least annually, at which point the Steering Committee shall also approve or disapprove the Parties continued joint pursuit of implementation of the Concept.

(c) Negotiation Rights. If the Steering Committee does not approve the pursuit of the joint implementation of the Concept or abandons joint implementation of the Concept then the Parties agree to negotiate with each other in good faith for the grant of a license and/or access to the other Party's Intellectual Property, technology, and subsystems necessary for implementation of the Concept or any parts thereof. The terms of such license and/or access shall be as agreed upon by the Parties, but must be commercially reasonable and at least as favorable to the other Party as those granted to any Third Party. By way of clarification, nothing in this subsection shall require any Party to agree to a definitive agreement granting the other Party any license or access.

5.3 **Intellectual Property**. Prior to agreeing to pursue the joint implementation of the Concept, the Steering Committee shall agree upon the rights of each Party with respect to any Intellectual Property created in connection with such efforts and the Parties shall enter into a definitive agreement documenting such agreement (subject to good faith negotiations if any aspect of such definitive agreement was not agreed upon by the Steering Committee). The execution of such definitive agreement by the Parties shall be a prerequisite to the pursuit of the Concept and adoption of the Concept Plan.

5.4 **Other Collaboration**. In addition to the collaboration on the Concept described above in Sections 5.1 through 5.3, the Parties agree to cooperate in good faith to identify and explore additional opportunities for ongoing collaboration on complementary technology developments (each, a " Future Collaboration Opportunity"). Potential Future Collaboration Opportunities include, but are not limited to, {*****}. The Steering Committee shall meet and consider any Future Collaboration Opportunity identified during the Term and, subject to such committee's approval of continued evaluation of such Future Collaboration Opportunity, each Party shall make available to the other Party such additional information regarding such Party's technology as is reasonably required in order to evaluate such Future Collaboration Opportunity. If the Parties mutually agree to pursue development of any Future Collaboration Opportunity, the Parties shall negotiate in good faith to enter into a definitive agreement documenting the development of such Future Collaboration Opportunity, including each Party's rights and obligations thereunder. In addition to the obligations above, the Parties agree that, within 3 months of the Effective Date, the Steering Committee shall meet to discuss the possibility of development of a product or functionality that would allow for {*****} at {*****} as a Future Collaboration Opportunity.

5.5 **No Obligation**. By way of clarification, nothing in this Article V or this Agreement shall require either Party or its members on the Steering Committee to agree to any Concept or Future Collaboration Opportunity and either Party or such Steering Committee members may determine, in its or their sole discretion, not to do so, and nothing in this Article V shall impose any restriction on either Party from developing future products, whether or not related or similar to those contemplated by the Concept or any Future Collaboration Opportunity, individually or in collaboration with any Third Party, provided, however, that Siemens' Oncology Care Systems division shall not block or limit, or take any actions that are intended to block or limit, Accuray's ability to collaborate with any other division or unit of Siemens. In addition, and unless the Parties otherwise agree in writing, nothing in this Article V shall create a liability of either Party for the successful implementation of any Concept or Future Collaboration Opportunity or otherwise create a contract for works obligation (*werkvertragliche Verpflichtung*).

ARTICLE VI.

REPRESENTATIONS AND WARRANTIES

6.1 **By Each Party**. Each Party hereby represents and warrants to the other Party as of the Effective Date as follows:

(a) Corporate Existence and Power. Such Party (i) is a corporation duly organized, validly existing and in good standing under the laws of the state, province, or country in which it is incorporated; (ii) has the corporate power and authority and the legal right to own and operate its property and assets, to lease the property and assets it operates under lease, and to carry on its business as it is now being conducted; and (iii) is in compliance with all requirements of applicable law, except to the extent that any noncompliance would not have a material adverse effect on the properties, business, financial or other condition of such Party and would not materially adversely affect such Party's ability to perform its obligations under this Agreement (a " Material Adverse Effect").

(b) Authorization and Enforcement of Obligations. Such Party (i) has the corporate power and authority and the legal right to enter into this Agreement and to perform its obligations hereunder, and (ii) has taken all necessary corporate action on its part to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder. This Agreement has been duly executed and delivered on behalf of such Party, and constitutes a legal, valid, binding obligation, enforceable against such Party in accordance with its terms.

(c) Consents. All necessary consents, approvals and authorizations of all governmental authorities and other Entities required to be obtained by such Party in connection with the execution of this Agreement have been obtained on or before the Effective Date.

(d) No Conflict. The execution and delivery of this Agreement and the performance of such Party's obligations hereunder (i) do not conflict with or violate any requirement of applicable laws or regulations and (ii) do not conflict with, or constitute a default under, any contractual obligation of such Party, except where such conflict, violation or default would not have a Material Adverse Effect on such Party.

6.2 By Accuray. Accuray hereby represents and warrants to Siemens that as of the Effective Date, except as otherwise disclosed in writing to Siemens, Accuray has not received any notice from a Third Party alleging that any Accuray Component (or the use of any Accuray Component in connection with using, making or selling any product) infringes or misappropriates any Intellectual Property of such Third Party.

6.3 By Siemens. Siemens hereby represents and warrants to Accuray that as of the Effective Date, except as otherwise disclosed in writing to Accuray, Siemens has not received any notice from a Third Party alleging that the {*****} or the TxT Couch (or the use of the {*****} or the TxT Couch in connection with using, making or selling any product) infringes or misappropriates any Intellectual Property of such Third Party.

ARTICLE VII.

IP INDEMNIFICATION

7.1 Accuray IP Indemnification. Accuray will defend or settle any action brought against Siemens to the extent that it is based upon an Accuray-Related Infringement Claim, and will pay any costs and damages made in settlement or awarded against Siemens in final judgment resulting from any such claim, subject to Section 7.3.

7.2 Siemens IP Indemnification. Siemens will defend or settle any action brought against Accuray to the extent that it is based upon a Siemens-Related Infringement Claim, and will pay any costs and damages made in settlement or awarded against Accuray in final judgment resulting from any such claim, subject to Section 7.3.

7.3 IP Indemnity Claim Procedures. The respective indemnification obligations of Accuray and Siemens under Section 7.1 and Section 7.2 are subject to condition that the party seeking to enforce any such indemnification obligations (the " IP Indemnified Party") must: (i) give the party that is obligated to indemnify the IP Indemnified Party (the "IP Indemnifying Party") prompt notice of any such claim; (ii) give the IP Indemnifying Party sole control of the

defense and any related settlement of any such claim; and (iii) give the IP Indemnifying Party, at the IP Indemnifying Party's expense, all reasonable information, assistance and authority in connection with the foregoing. The failure to deliver prompt notice to the IP Indemnifying Party, if, and to the extent, prejudicial to its ability to defend such claim, shall relieve such IP Indemnifying Party of any liability to the IP Indemnified Party under this Article, but the omission so to deliver notice to the IP Indemnifying Party will not relieve it of any liability that it may have to the IP Indemnified Party other than under this Article. The IP Indemnifying Party will not be bound by any settlement or compromise that the IP Indemnified Party enters into without the IP Indemnifying Party's express prior written consent.

7.4 Proportionate Allocation of Responsibility. The Parties acknowledge that Third Parties may assert an action that includes claims against both Parties that involve both Accuray-Related Infringement Claims and Siemens-Related Infringement Claims (a " Joint Responsibility Infringement Action"). The Parties agree that, if any Joint Responsibility Infringement Action is brought against them, the Parties will reasonably cooperate with each other in the defense and settlement of such action and that Accuray will be responsible for the proportion of the aggregate costs of defense and settlement that is attributable to the Accuray-Related Infringement Claim and Siemens will be responsible for the proportion of the aggregate cost of defense and settlement that is attributable to the Siemens-Related Infringement Claims; provided that neither Party will settle any Joint Responsibility Infringement Action without the consent of the other Party except to the extent a settlement solely affects Accuray-Related Infringement Claims, in the event Accuray is the settling Party, or Siemens-Related Infringement Claims, in the event that Siemens is the settling Party. The Parties agree that Accuray shall pay the amount of any damages awarded in any Joint Responsibility Infringement Action that is attributable to Accuray-Related Infringement Claims and Siemens shall pay the amount of any damages awarded in any Joint Responsibility Infringement Action that is attributable to Siemens-Related Infringement.

7.5 Injunctions.

(a) Accuray-Related Infringement Claims. If, due to an Accuray-Related Infringement Claim or other action in which it is alleged that Accuray Components infringe the Intellectual Property of a Third Party, (x) Siemens' rights to use and distribute a Cayman Product under the terms of this Agreement are, or in the Steering Committee's opinion are likely to be, enjoined or (y) Accuray is prevented from fulfilling its obligations under this Agreement, then Accuray may, at its sole option and expense: (i) procure for Siemens the right to continue to distribute such Cayman Product under the terms of this Agreement; (ii) replace or modify such Cayman Product so that it is non-infringing without changing in any material respect its functionality and performance according to the applicable Functional Specification; or (iii) if options (i) and (ii) above cannot be accomplished despite Accuray's reasonable efforts, then either Party may terminate this Agreement; provided, that in the case of such termination, Accuray shall pay to Siemens a pro-rated portion of the Arrangement Fee actually paid by Siemens to Accuray and the amount actually paid by Siemens to Accuray for such Cayman Product based on a straight-line depreciation calculated over a 5-year period beginning on the date of delivery of the applicable Accuray Component, provided that all Accuray Components are returned to Accuray in an undamaged condition.

(b) Siemens-Related Infringement Claims. If, due to a Siemens-Related Infringement Claim or other action in which it is alleged that any Cayman Product (or any part thereof incorporated in the Cayman Product) infringes the Intellectual Property of a Third Party, Siemens' rights to use and distribute a Cayman Product under the terms of this Agreement are, or in the Steering Committee's opinion are likely to be, enjoined, then Siemens may, at its sole option and expense: (i) procure for Siemens the right to continue to distribute such Cayman Product under the terms of this Agreement; (ii) replace or modify such Cayman Product so that it is non-infringing without changing in any material respect its functionality and performance according to the applicable Functional Specification; or (iii) if options (i) and (ii) above cannot be accomplished despite Siemens' reasonable efforts, then either Party may terminate this Agreement; provided, that in the case of such termination, Siemens shall pay to Accuray an amount equal to the actual costs incurred by Accuray with respect to any Accuray Components or Interfaces for which a purchase order has been submitted by Siemens or its Affiliates and for which payment has not been made, and once paid for, any such Accuray Components or Interfaces, in their then current state, shall be owned by Siemens and delivered to Siemens by Accuray at the expense of Siemens. For the avoidance of doubt, this Section 7.5(b) shall not apply to any claim to the extent based solely on the Accuray Components or any part thereof.

7.6 Limitations. TO THE EXTENT PERMISSIBLE BY LAW, THE FOREGOING PROVISIONS SET FORTH IN THIS ARTICLE VII SET FORTH EACH PARTY'S SOLE AND EXCLUSIVE LIABILITY AND EACH PARTY'S SOLE AND EXCLUSIVE REMEDY FOR ANY CLAIMS OF INFRINGEMENT OR MISAPPROPRIATION OF INTELLECTUAL PROPERTY RIGHTS OR PROPRIETARY RIGHTS OF ANY KIND.

ARTICLE VIII.

GENERAL INDEMNIFICATION

8.1 Accuray General Indemnities. In addition to Accuray's indemnification obligations set forth in Article VII, Accuray shall indemnify and hold Siemens harmless from and against all losses, liabilities, damages and expenses (including reasonable attorneys' fees and costs) resulting from any claims, demands, actions or other proceedings by any Third Party arising from (a) the breach of any representation, warranty, or covenant by Accuray under this Agreement or (b) the negligence or willful misconduct of Accuray in performing its obligations under this Agreement.

8.2 Other General Indemnities. In addition to Siemens' indemnification obligations set forth in Article VII, Siemens shall indemnify and hold Accuray harmless from and against all losses, liabilities, damages, and expenses (including reasonable attorneys' fees and costs) resulting from any claims, demands, actions or other proceedings by any Third Party arising from (a) the breach of any representation, warranty, or covenant by Siemens under this Agreement or (b) the negligence or willful misconduct of Siemens in performing its obligations under this Agreement.

8.3 Procedure. A Party (the "Indemnitee") that intends to claim indemnification under this Article shall promptly notify the other Party (the "Indemnitor") of any claim, demand, action or other proceeding for which the Indemnitee intends to claim such indemnification. The

Indemnitor shall have the right to participate in, and, to the extent the Indemnitor so desires, jointly with any other indemnitor similarly noticed, to assume the defense thereof with counsel selected by the Indemnitor; provided, however, that the Indemnitee shall have the right to retain its own counsel, with the reasonable fees and expenses to be paid by the Indemnitor, if the Indemnitee reasonably determines that representation of the Indemnitee by counsel retained by the Indemnitor would be inappropriate due to actual or potential differing interests between the Indemnitee and any other Party represented by such counsel in such proceedings. The indemnity obligations under this Article shall not apply to amounts paid in settlement of any claim, demand, action or other proceeding if such settlement is effected without the consent of the Indemnitor, which consent shall not be unreasonably withheld or delayed. The failure to deliver notice to the Indemnitor promptly after the commencement of any such action or other proceeding, if, and to the extent, prejudicial to its ability to defend such action or other proceeding, shall relieve such Indemnitor of any liability to the Indemnitee under this Article, but the omission so to deliver notice to the Indemnitor will not relieve it of any liability that it may have to any Indemnitee otherwise than under this Article. The Indemnitor shall not settle, or otherwise consent to an adverse judgment in, any such action or other proceeding that diminishes the rights or interests of the Indemnitee without the express written consent of the Indemnitee. The Indemnitee, its employees and agents, shall cooperate fully, at the expense of the Indemnitor, with the Indemnitor and its legal representatives in the investigation of any claim, demand, action or other proceeding covered by this indemnification.

ARTICLE IX.

ADDITIONAL AGREEMENTS

9.1 Insurance. Each Party shall maintain liability insurance (including product liability insurance) with respect to conduct of its obligations under this Agreement in such amounts as it customarily maintains with respect to similar activities. Each Party shall maintain such insurance for so long as each continues to conduct such obligations, and thereafter for so long as it would customarily maintain insurance following cessation of similar activities.

9.2 Non-Solicitation. Neither Party, without the prior written consent of the other Party, shall, until March 27, 2012, either directly or indirectly, solicit to hire or hire any officer, director, or employee of the other Party. Notwithstanding the foregoing, nothing in this Section 9.2 shall prohibit (i) general solicitations or advertisements of employment or hiring not directed at such persons, it being understood that encouragement from a Third Party recruiter without access to the Confidential Information of identification of the person or relevant group of persons shall not constitute prohibited solicitation hereunder, and (ii) employing any such person who initiates contact with a Party or any of its Related Companies (as defined in the Confidentiality Agreement) or any of their respective Representatives (as defined in the Confidentiality Agreement) without any direct or indirect encouragement from such Party.

9.3 Liability.

(a) Liability for Death or Injury. The liability of any Party with respect to death or injury to any person is subject to and governed by the provisions of applicable law.

(b) Limitation on Liability. WITHOUT AFFECTING STRICT PRODUCT LIABILITY UNDER MANDATORY APPLICABLE LAW, ARTICLE VII OR THE RESPECTIVE OBLIGATIONS OF THE PARTIES UNDER THE CONFIDENTIAILITY AGREEMENT AND EXCEPT FOR BREACHES ASSOCIATED WITH THE UNAUTHORIZED USE OF INTELLECTUAL PROPERTY, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR SPECIAL, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR TORT DAMAGES, INCLUDING WITHOUT LIMITATION, ANY DAMAGES RESULTING FROM LOSS OF USE, LOSS OF DATA, LOSS OF PROFITS OR LOSS OF BUSINESS ARISING OUT OF OR IN CONNECTION WITH THE MATTERS CONTEMPLATED BY THIS AGREEMENT, WHETHER OR NOT A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

(c) Liability Cap. Without affecting Article VII or the respective obligations of the parties under the Confidentiality Agreement and except for any liability (i) relating to any breach associated with the unauthorized use of Intellectual Property, (ii) arising from the intentional breach or willful misconduct of a Party, or (iii) arising from the non-compliance with any mandatory applicable law or regulation, the total aggregate liability of one Party to another Party:

(i) for all claims relating to any breach of this Agreement (or any other agreement entered into in connection with this Agreement other than pursuant to Article III) (any such claim, a "Claim") of which the other Party was notified prior to the date that is twelve months after the Initial Shipment Date, shall be limited to US$5,000,000; and

(ii) for any Claim of which the other Party was notified on or after the date that is twelve months after the Initial Shipment Date, shall be limited to the aggregate amount of the purchase prices paid by Siemens or its Affiliates to Accuray for the Accuray Components and/or Interfaces pursuant to this Agreement (or any other Agreement entered into in connection with this Agreement other than pursuant to Article III) during the twelve calendar months preceding the date of the notification to the other Party of such Claim less any amounts paid or payable in respect of any other Claim of which the other Party was notified during such twelve month period.

Each Party shall not unreasonably delay notification to the other Party of any Claim. The foregoing shall not be deemed a waiver by any Party of any right to injunctive relief to the extent it is available to such Party.

9.4 Confidential Information. Each of the Parties agree that all Confidential Information furnished to a Party and its Affiliates, employees, consultants, and advisors in connection with this Agreement will be subject to and the Parties' rights and obligations with respect to such Confidential

Information shall be governed by the Confidentiality Agreement.

9.5 Compliance with Laws.

(a) General. In connection with this Agreement, each of the Parties shall comply in all material respects with the requirements of all applicable laws and regulations.

(b) United States Laws. Each Party understands that, because this Agreement

relates to products and services of a corporation subject to the laws of the United States of America, such Party must, when carrying out its duties pursuant to this Agreement, avoid violations of certain of such laws. These include, but are not necessarily limited to, the following:

(i) Restrictive Trade Practices or Boycotts, U.S. Code of Federal Regulations Title 15, Chapter VII, Part 760;

(ii) Foreign Corrupt Practices Act, U.S. Code Title 15, § 78; and

(iii) Export Controls, imposed by U.S. Executive Order or implementing regulations of the U.S. Departments of Commerce, Defense or Treasury.

(c) No Illegal Activity. Neither Party shall engage in any illegal activities in connection with the performance of its obligations under this Agreement. A Party will not be held responsible for any activities of the other Party or the other Party's Affiliates, sub-contractors, or distributors that may be considered to be illegal. For example, neither Party supports the practice of bribes or under-the-table payments. Each Party will use commercially reasonable efforts to ensure that a like clause to this Section 9.5 is included in each agreement it has with any Affiliate, distributor or subcontactor related to the performance of such Party's obligations under this Agreement, and will use commercially reasonable efforts to monitor the activities of such Affiliates, distributors, and subcontractors closely. Each Party assumes no liability for any illegal activity of the other Party or any of its Affiliates, distributors, or subcontractors and the other Party hereby indemnifies and holds such Party, and its officers and assigns, harmless from any loss, damage and liability arising from or in connection with any such illegal activities. In the event either Party reasonably determines that its goodwill has been or may potentially be materially affected by any illegal activity of the other Party or any of its Affiliates, distributors, or subcontractors, then such Party reserves the right to terminate this Agreement, or any portion thereof that relates to or is materially affected by such illegal activity, for material breach under Section 10.2(a) with no further liability to the other Party.

9.6 No Reverse Engineering.

(a) Accuray Covenant. Except as expressly permitted by applicable law, Accuray shall not reverse-engineer, decompile, disassemble, or otherwise attempt to discover any software, algorithms, concepts or other trade secrets embodied in the {*****} or TxT Couch (or any part thereof).

(b) Siemens Covenant. Except as expressly permitted by applicable law, Siemens shall not reverse-engineer, decompile, disassemble, or otherwise attempt to discover any software, algorithms, concepts or other trade secrets embodied in the Accuray Components (or any part thereof).

9.7 Code of Conduct.

(a) Accuray Compliance. During the Term, Accuray shall comply, in all material respects, with the Siemens Code of Conduct attached hereto as Exhibit E (the "Code of

Conduct"). Siemens shall give Accuray written notice of any change to the Code of Conduct as soon as reasonably practicable.

(b) Siemens Business Conduct Guidelines. During the Term, Siemens shall comply, in all material respects, with its Business Conduct Guidelines and other internal regulations and guidelines.

9.8 Quality Assurance Agreement. During the Term and in connection with its performance of its duties under this Agreement, Accuray shall comply, in all material respects, with Siemens' Quality Assurance Agreement attached hereto as Exhibit F, with the exception of any provisions thereof related to barcoding.

9.9 Taxes. By way of clarification, all Accuray prices referenced in this Agreement and any Exhibit, and all other amounts payable by Siemens to Accuray pursuant to this Agreement are net of any value added tax or federal, state, county or municipal sales or use tax, excise or similar charge, withholding tax, or other tax assessment (except for any taxes that are assessed against income) (collectively, the " Taxes"). The Parties agree that it is their intention that Accuray will not bear any economic burden relating to the Taxes. Subject to the foregoing and to compliance with applicable laws, Accuray and Siemens agree to cooperate with each other as reasonably requested to establish the responsibilities of the Parties relating to the payment and withholding of Taxes, filing of documents, and other matters in order to achieve an efficient tax result.

9.10 Contract for Works. For the avoidance of doubt, nothing in this Agreement shall create a liability of either Party for a successful implementation of any objective or shall otherwise create a contract for works obligation (*werkvertragliche Verpflichtung*).

ARTICLE X.

TERM AND TERMINATION

10.1 Term. Unless terminated pursuant to other provisions of this Agreement, this Agreement shall have an initial term commencing from the Effective Date and expiring five years after such date (the " Initial Term"). Thereafter, this Agreement will automatically renew for successive one year terms (each, a "Renewal Term"), unless written notice of termination is given by either Party to the other Party no less than six months prior to the expiration of the then current Initial Term or Renewal Term. The Initial Term and any Renewal Term shall be collectively referred to as the "Term;" provided, however, that the Term shall end upon any termination of this Agreement in accordance with its terms.

10.2 Termination.

(a) Breach. If either Party commits a material breach of a material provision of this Agreement, if such breach was not excused as a force majeure event with a duration of less than six months pursuant to Section 11.5, and if the breaching Party has not cured such breach to the other Party's reasonable satisfaction within 30 days after written notice from the other Party specifying the nature of such breach, then the other Party shall have the right to terminate this Agreement upon delivery of written notice to the breaching Party. For the

avoidance of doubt, an inability to agree for any reason on: (i) the country-specific distributorship terms contemplated by Article III, (ii) the future cooperation matters contemplated by Article V, or (iii) the price or other terms or conditions for the availability of an Improvement contemplated by Section 2.11 shall not constitute a breach.

(b) Bankruptcy. A Party may terminate this Agreement effective upon delivery of written notice to the other Party if: (i) any assignment for the benefit of the other Party's creditors is made, (ii) the other Party voluntarily files a petition in bankruptcy or similar proceeding, (iii) the other Party has such a petition in bankruptcy or similar proceeding involuntarily filed against it, (iv) the other Party is placed in an insolvency proceeding, (v) if an order is entered appointing a receiver or trustee of the other Party, or (vi) a levy or attachment is made against a substantial portion of the other Party's assets, and, with respect to any event set forth in clauses (iii) through (vi) above, such position, placement, order, levy or attachment is not dismissed or removed within 30 days from the date of such event.

(c) Agreement of the Parties. This Agreement may be terminated at any time upon the written consent of the Parties.

10.3 Acquisition Changes.

(a) Accuray Acquisition Change. Upon an Accuray Acquisition Change, each of Siemens and Accuray shall have the right to terminate: (i) the supply and distribution rights and obligations created pursuant to Sections 2.5(e) and 2.6(b), (ii) the distribution agreement entered into pursuant to Section 3.1, or (iii) this entire Agreement, subject, in each case, to the winddown provisions of the applicable distribution agreement and Sections 2.5(e) and 2.6(b), as applicable.

(b) Siemens Acquisition Change. Upon a Siemens Acquisition Change, each of Siemens and Accuray shall have the right to terminate: (i) the supply and distribution rights and obligations created pursuant to Sections 2.5(e) and 2.6(b), (ii) the distribution agreement entered into pursuant to Section 3.1, or (iii) this entire Agreement, subject, in each case, to the winddown provisions of the applicable distribution agreement and Sections 2.5(e) and 2.6(b), as applicable.

(c) Termination Election. A Party may exercise its right to terminate pursuant to this Section 10.3 (a " Termination Election") by providing written notice to the other Party within 60 days following the closing of the Accuray Acquisition Change or the Siemens Acquisition Change, as applicable.

10.4 Effect of Expiration and Termination. Expiration or termination of all or a portion of this Agreement shall not relieve the Parties of any obligation accruing prior to such expiration or termination. The provisions of Articles I, VII, VIII, IX, and XI and Sections 2.5(e), 2.5(f), 2.6(b), 2.12, and 2.13 and this Section 10.4 shall survive the expiration or termination of this Agreement, subject to the terms thereof. In addition, upon a termination of this Agreement, each of Siemens and Accuray shall continue to make available to Cayman Product customers support services on commercially reasonable terms, including, without limitation, spare parts for the Cayman Products for a minimum period of 10 years after the last shipment of a Cayman

Product or Upgrade pursuant to this Agreement.

ARTICLE XI.

MISCELLANEOUS

11.1 Survival of Warranties. The representations and warranties of the Parties contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and shall in no way be affected by any investigation or knowledge of the subject matter thereof made by or on behalf of any Party.

11.2 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the Federal Republic of Germany excluding the United Nations Convention on Contracts of International Sale of Goods (CISG) and the provisions of German private international law.

11.3 Dispute Resolution.

(a) Executive Mediation. Except as expressly otherwise provided in this Agreement, any contractual issues or disputes arising out of or related to this Agreement shall first be brought before the Steering Committee for resolution. The Steering Committee shall convene at least one in person meeting seeking to resolve such issue or dispute. If the Steering Committee has not resolved such issue or dispute within 14 days of such meeting, the matter shall be submitted to the Chief Executive Officer of Accuray and the Chief Executive Officer of Siemens' Healthcare Oncology Care Systems division for resolution. Such officers shall have an in person meeting within 30 days of the date on which the matter was submitted to them. If such officers are unable to resolve the matter directly, they may, by mutual agreement utilize such dispute resolution methods, including mediation, as are mutually agreed. If no resolution is reached within 15 days following the meeting of such officers, unless otherwise mutually agreed, the dispute shall be submitted to arbitration pursuant to Section 11.3(b).

(b) Arbitration Procedure. Any controversy or claim relating to, arising out of, or in any way connected to any provision of this Agreement shall be finally resolved by final and binding arbitration in accordance with this Section 11.3(b) by a panel of three arbitrators, to be conducted in Zurich, Switzerland. Each of the Parties may appoint one arbitrator having reasonable experience in transactions of the type contemplated by this Agreement (except to the extent it is not reasonably practicable to appoint an arbitrator with such experience), and the two arbitrators so chosen shall agree upon the third arbitrator. Unless the Parties agree otherwise, the arbitration shall be conducted in accordance with the Rules of Arbitration of the International Chamber of Commerce (ICC), the language to be used in the arbitration proceedings shall be English, and if and to the extent the Rules of Arbitration of the International Chamber of Commerce are silent with respect to any procedural aspects, said rules shall be supplemented by the provisions of the German Code of Civil Procedure (*Zivilprozessordnung*). The decision of the arbitrators shall be final, nonappealable and binding upon the Parties. Such decision may be entered in any court of competent jurisdiction for the enforcement thereof. With regard to any arbitration commenced pursuant to this section, the International Bar Association (IBA) Rules on the Taking of Evidence in International Commercial Arbitration of June 1, 1999 shall apply. The

work product of an (outside or in-house) attorney and communication between an (outside or in-house) attorney and a client shall be subject to the privilege provided for in Article 9, Section 2 of said IBA Rules and shall not be disclosed. The arbitrators shall issue a written opinion setting forth their decision and the reasons therefor within thirty days after the arbitration proceeding is concluded.

(c) Injunctive Relief, Etc. By way of clarification, each Party shall have the right to seek conservatory or interim measures in any court of competent jurisdiction. In addition, each Party shall have the right to have recourse to and shall be bound by the Pre-Arbitral Referee Procedure of the ICC in accordance with its respective rules without having to fulfill the prerequisites of Section 11.3(a).

11.4 **Notices**. All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, (b) if by facsimile, upon written or electronic confirmation of receipt (if sent during business hours of the recipient, otherwise on the next business day following such confirmation), (c) on the first business day following the date of dispatch if delivered utilizing a next-day service by a recognized next-day courier, (d) on the earlier of confirmed receipt or the fifth business day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notice hereunder shall be delivered to the addresses set forth below:

If to Accuray:

Accuray Incorporated
1310 Chesapeake Terrace
Sunnyvale, CA 94089
USA
Attn: General Counsel
Facsimile: +1 (408) 789-4205

with a copy (which shall not constitute notice) to:

Gibson, Dunn & Crutcher LLP
1881 Page Mill Road
Palo Alto, California 94304
USA
Attn: Joseph Barbeau

If to Siemens:

Siemens AG
Henkestr. 127
91054 Erlangen
Germany
Attn: Healthcare General Counsel, Ritva Sotamaa
Facsimile: + 49/931 - 84 - 8807

with a copy (which shall not constitute notice) to:

Siemens AG Oncology Care Systems
Henkestr. 127
91054 Erlangen
Germany
Attn: Mr. Holger Schmidt

11.5 Force Majeure. In the event that a Party is prevented or delayed from fulfilling or performing any of its obligations under this Agreement (other than an obligation to pay money) due to the occurrence of causes beyond the reasonable control of such Party, including but not limited to fires, floods, embargoes, wars, acts of war (whether war is declared or not), acts of terrorism, insurrections, riots, civil commotions, strikes, lockouts or other labor disturbances, acts of God or acts, omissions or delays in acting by any governmental authority, then such Party's performance shall be excused, and the time for performance shall be extended, for the period of inability or delay due to such occurrence; provided, however, that such Party shall have used its commercially reasonable efforts to avoid such inability or delay, and such Party shall have given prompt written notice to the other Party of such occurrence; provided, further, that if any such prevention or delay is for a period of greater than six months, the other Party shall have the option to terminate this Agreement in its entirety pursuant to Section 10.2(a).

11.6 Assignment; Successors. Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise, by any Party without the prior written consent of the other Party, and any such assignment without such prior written consent shall be null and void; provided, however, that

(a) this Agreement may be assigned by a Party in connection with a Change in Control of such Party, subject to the specific termination and other rights set forth in this Agreement upon an Accuray Acquisition Change or a Siemens Acquisition Change; and

(b) Siemens may assign any of its rights and/or obligations under this Agreement, whether in whole or in part, to Siemens USA (any such assignment, a "Siemens Assignment"), subject to the satisfaction of the following conditions:

(i) (1) Siemens and Siemens USA shall deliver to Accuray a draft of an Assignment and Assumption Agreement (an "Assignment Agreement") that contains the provisions described in subsections (iii) — (viii) below at least 10 Business Days prior to the planned execution thereof; (2) Accuray shall be given the opportunity to provide written comments to Siemens and Siemens USA on such draft Assignment Agreement, such comments to be received no later than 5 Business Days after Accuray's receipt of such draft Assignment Agreement; and (3) Siemens and Siemens USA shall consider any such comments in good faith and shall promptly inform Accuray of any such comments that they determine in good faith will not be included in the final version of such Assignment Agreement;

(ii) Siemens and Siemens USA shall deliver a fully executed copy of such Assignment Agreement to Accuray promptly following its execution;

(iii) Siemens USA shall expressly assume all obligations of Siemens under this Agreement that are being assigned pursuant to such Assignment Agreement (the "Assigned Obligations");

(iv) pursuant to such Assignment Agreement or otherwise, Siemens shall have transferred, licensed or otherwise granted to Siemens USA all rights and assets, including without limitation, Intellectual Property, necessary for Siemens USA to fulfill the Assigned Obligations following the Siemens Assignment;

(v) pursuant to such Assignment Agreement, Siemens shall covenant to transfer, license, or otherwise grant to Siemens USA any additional rights or assets which may later be identified as necessary for Siemens USA to fulfill the Assigned Obligations;

(vi) such Assignment Agreement shall contain a representation and warranty in favor of Accuray stating that Siemens has transferred, licensed, or otherwise granted to Siemens USA all rights and assets, including without limitation, Intellectual Property, reasonably necessary for Siemens USA to fulfill the Assigned Obligations;

(vii) Accuray shall be a third party beneficiary of such Assignment Agreement and shall have the right to enforce any of the rights or obligations described in subsections (iii) — (vi) above of Siemens or Siemens USA under such Assignment Agreement; and

(viii) The Siemens Assignment shall not relieve Siemens of any of its obligations under this Agreement not assigned to Siemens USA pursuant to such Assignment Agreement (or any other Assignment Agreement) and Siemens shall remain liable to Accuray for any failure by Siemens USA to perform any Assigned Obligations; provided, however, that Accuray shall not be entitled to require Siemens to perform any such Assigned Obligation.

(c) Siemens may, subject to the prior, written approval of Accuray, assign any of its rights and/or obligations under this Agreement, whether in whole or in part, to any other Affiliate of Siemens, subject to such assignment to such Affiliate complying with the provisions set forth in Section 11.6(b).

Subject to the foregoing, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and permitted assigns.

11.7 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision in such jurisdiction, and this Agreement shall be reformed, construed and enforced in such jurisdiction to the fullest extent permitted to give effect to the intention of the parties, and as if such invalid, illegal or unenforceable provision had never been contained herein.

11.8 Entire Agreement. This Agreement (including the Exhibits and Schedules hereto) constitute the entire agreement between the parties with respect to the subject matter

hereof and thereof; provided, that the Parties acknowledge and agree that Accuray will deliver the Cayman 1 Initial Plan version 10 to Siemens concurrently with the execution of this Agreement. This Agreement supersedes all prior written agreements, arrangements, communications and understandings and all prior and contemporaneous oral agreements, arrangements, communications and understandings between the parties with respect to the subject matter hereof and thereof. Notwithstanding any oral agreement or course of action of the parties to the contrary, no Party shall be under any legal obligation to enter into or complete the transactions contemplated hereby unless and until this Agreement shall have been executed and delivered by each of the parties.

11.9 Expenses and Attorneys' Fees. Except as otherwise provided herein, all fees and expenses incurred in connection with or related to the execution of this Agreement shall be paid by the Party incurring such fees or expenses. If any action at law or in equity (including arbitration) is necessary to enforce or interpret the terms of any of this Agreement, the substantially prevailing Party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such Party may be entitled.

11.10 Independent Contractors; No Partnership. It is expressly agreed that Accuray and Siemens shall be independent contractors and that the relationship between the two Parties shall not constitute a partnership, joint venture, agency or other unincorporated organization, through or by means of which any business, financial operation, or venture is carried on. Neither Party shall have the authority to make any statements, representations or commitments of any kind, or to take any action, which shall be binding on the other, without the prior consent of the other Party to do so. Neither Party shall have the right to share in the net profits of the other and neither Party shall have an obligation to share losses.

11.11 Amendment and Waiver. Except as otherwise provided herein, any term of this Agreement may be amended, terminated or waived only with the written consent of the Parties. The waiver by either Party of (i) any right hereunder, (ii) the failure to perform, or (iii) a breach by the other Party shall not be deemed a waiver of any other right hereunder or of any other breach or failure by the other Party whether of a similar nature or otherwise.

11.12 No Presumption Against Drafting Party. Each Party acknowledges that it has been represented by counsel in connection with this Agreement and the transactions contemplated by this Agreement. Accordingly, any rule of law or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against the drafting Party has no application and is expressly waived.

11.13 No Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to or shall confer upon any Entity other than the parties and their respective successors and permitted assigns any legal or equitable right, benefit or remedy of any nature under or by reason of this Agreement.

11.14 Affiliates. The rights and obligations of Accuray under this Agreement shall apply to Accuray's subsidiary Affiliates, and the rights and obligations of Siemens under this Agreement shall apply to Siemens' subsidiary Affiliates, provided that Accuray and Siemens shall be fully responsible for the performance by their respective Affiliates of their respective

obligations under this Agreement.

11.15 **Counterparts**. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

11.16 **Facsimile Signatures**. This Agreement may be executed by facsimile signature and a facsimile signature shall constitute an original for all purposes. Original copies of such signatures shall be delivered without undue delay after delivery of such facsimile signatures.

11.17 **Interpretation**. When a reference is made in this Agreement to a Section, Article, Exhibit, or Schedule such reference shall be to a Section, Article, Exhibit, or Schedule of this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for convenience of reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein shall have the meaning as defined in this Agreement. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth herein. The word "including" and words of similar import when used in this Agreement will mean "including, without limitation," unless otherwise specified.

11.18 **Waiver of Jury Trial**. EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

11.19 **Waiver of United States Jurisdiction**. Other than pursuant to Section 11.3(c), each Party hereby waives all right to initiate or seek resolution of any action, proceeding, or counterclaim arising out of or relating to this Agreement or the transactions contemplated hereby in any court located in the United States of America.

11.20 **Time of Essence**. Time is of the essence with regard to all dates and time periods set forth or referred to in this Agreement.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first set forth above.

ACCURAY INCORPORATED

By: /s/ Euan Thompson

Date: June 7, 2010

Name: Euan Thomson

Title: President and CEO

SIEMENS AKTIENGESELLSCHAFT

By: /s/ Christian Klaussner

Date: June 8, 2010

Name: Christian Klaussner

Title: HIM OCS CFO

ACCURAY INCORPORATED

By: /s/ Darren Milliken

Date: June 7, 2010

Name: Darren Milliken

Title: Senior VP and General Counsel

SIEMENS AKTIENGESELLSCHAFT

By: /s/ Holger Schmidt

Date: June 8, 2010

Name: Holger Schmidt

Title: HIM OCS CEO

[Signature Page to Strategic Alliance Agreement]

SCHEDULE A-1

Accuray Competitors

{*****}
{*****}
{*****}
{*****}
{*****}

SCHEDULE A-2

Designated Improvements

(i) Accuray's {*****} product, either:
  (a) Version {*****} of Accuray's {*****} product (scheduled for {*****}); or alternatively
  (b) the then-current commercially available version of Accuray's {*****} product, but only if Siemens has made available to Accuray its {*****} technology (or a mutually agreed on alternative technology or product) and such technology has been integrated into a prototype of an Accuray product;

(ii) {*****} of the existing (as of the Effective Time) {*****} system used in the Cayman 1 Product (excluding {*****}).

SCHEDULE A-3

Siemens Competitors

{*****}
{*****}
{*****}
{*****}
{*****}
{*****}

SCHEDULE 2.2(c)

Accuray Calculation Standards

Calculations of Accuray expenditures and expenses to include the following elements:

(i) Actual man hours at the rate of US${*****} per hour;
(ii) Actual cost of materials;
(iii) Depreciation of capital assets;
(iv) Actual consulting expenses incurred; and
(v) Finance/administrative fee equal to {*****}% of Accuray's total finance/administrative expenses.

SCHEDULE 2.2(d)(i)

Arrangement Fee

Arrangement Fee shall be payable as follows:

(i) US${*****} on the later of (A) {*****} and (B) the date that Accuray has provided to Siemens the Cayman 1 Detailed Plan, but Accuray's obligation to provide such plan shall be a condition only if Siemens has provided to Accuray two full days of engineering support for development of such plan prior to {*****};

(ii) US${*****} on the later of (A) 510(k) Submission and (B) {*****};

(iii) US${*****} on the latest of (A) the availability of Accuray Components and Interfaces for the Cayman 1 Product, prototypes of which have been accepted pursuant to Section 2.2(e), (B) the Approval Date, and (C) {*****};

(iv) US${*****} on the later of (A) {*****} and the Approval Date; and

(v) If the Initial Shipment Date has not occurred within {*****} of the 510(k) Clearance, an amount equal to the lesser of (A) US${*****} and (B) an amount equal to (1) the total amount of expenditures and expenses (as calculated in accordance with the provisions set forth in Section 2.2(c)) incurred by Accuray in connection with satisfying its obligations under, and pursuing the objectives of, Section 2.2 jointly with Siemens less (2) any portion of the Arrangement Fee actually paid by Siemens prior to such date (if such amount is greater than zero, otherwise zero). By way of clarification, any amount actually paid to Accuray pursuant to this clause (v) shall be treated as part of the Arrangement Fee, including, without limitation for purposes of the calculations set forth in Section 2.2(d)(iii) and in the definition of "Accuray Excess Expenditures."

For the avoidance of doubt, the total amount of the Arrangement Fee payable by Siemens to Accuray shall be limited to the lesser of (1) US${*****} plus any additional amounts payable to Accuray pursuant to clause (v) above and (2) the total amount of expenditures and expenses (as calculated in accordance with the provisions set forth in Section 2.2(c)) incurred by Accuray in connection with satisfying its obligations under, and pursuing the objectives of, Section 2.2 jointly with Siemens.

SCHEDULE 2.2(d)(ii)

Arrangement Fee Uses

1. Development of the following:

   (a) interface to the {*****} {*****} system;
   (b) interface to the {*****} {*****} system;
   (c) interface to the {*****} {*****} system;
   (d) interface to the {*****}; and
   (e) interface to share patient data between the Accuray Components and the {*****};

2. Adaptation of Accuray's {*****} (including {*****}) for {*****} and {*****} to {*****} geometry;

3. Adaptation of the {*****} to {*****} use cases {*****}; and

4. U.S. and E.U. regulatory approval for the Accuray Components and Interface.

SCHEDULE 2.3(b)

Conditions to Completion of Development of the Cayman 2 Product

Accuray shall have no obligation to complete development of the Cayman 2 Product unless and until the following conditions have been satisfied:

(i) Siemens has sold at least {*****} CyberKnife Systems pursuant to the distributorship relationships with Accuray created pursuant to Article III;

(ii) Siemens' exclusivity rights as the purchaser of the Accuray Components and Interface granted to Siemens by Accuray pursuant to Section 2.5(a), have not been terminated; and

(iii) at least {*****} months have passed since the Initial Shipment Date.

SCHEDULE 2.4

REGULATORY FILING PROCESS FOR CAYMAN PRODUCTS

General Approach

a) Siemens obligations

i) Siemens to be responsible for creating, maintaining, and providing the design history file (" DHF"), design history record ("DHR"), device master record ("DMR"), CE Technical File, CE mark, and engineering change orders ("ECO") for the Cayman Products and the {*****}.

ii) Siemens will be deemed to be the legal manufacturer for the Cayman Product (other than the Upgrade), except in countries where Accuray does not have a wholly owned Subsidiary, in which countries Siemens will be deemed to be the legal manufacturer for the Cayman Product (including the Upgrade).

b) Accuray obligations

i) Accuray to be responsible for creating, maintaining, and providing the DHF, DHR, DMR, CE Technical File, CE mark, and ECO for the Accuray Components and the Interface.

ii) Accuray will be deemed to be the legal manufacturer for the Upgrade in each country in which Accuray has a wholly-owned subsidiary.

North American Regulatory Filings

a) Siemens obligations

i) Siemens to file for and obtain FDC Act 510(k) Clearance to add the Accuray Components and the Interface to the {*****}.

ii) Siemens responsible for maintenance of and responses to the DMR, recalls and complaints related to the Cayman Products (including the Upgrade).

(1) To the extent any recall or complaint relates to an Accuray Component or the Interface, Accuray will provide commercially reasonable support to Siemens, at Accuray's expense, in addressing such complaint or recall.

iii) Siemens will be deemed to be the Legal Manufacturer of the Cayman Products (other than the Upgrade).

b) Accuray obligations

i) Accuray to file for and obtain standalone safety mark and FDC Act 510(k) Clearance for the Accuray Components and the Interface.

ii) Accuray will be deemed to be the legal manufacturer for the Upgrade.

European Union Regulatory Filings

a) Siemens obligations

i) Siemens to be responsible for filing for and obtaining the CE Technical File and CE mark for the Cayman Products (including the Upgrade).

ii) Siemens to be responsible for obtaining an Article 12 declaration for the Cayman Product and the Upgrade.

iii) Siemens will be deemed to be the legal manufacturer of the Cayman Products (other than the Upgrade).

iv) Siemens to be responsible for maintenance of and responses to vigilance reports, recalls and complaints relating to the Cayman Product (including the Upgrade).

(1) To the extent any report, recall, or complaint relates to an Accuray Component or the Interface, Accuray will provide commercially reasonable support to Siemens, at Accuray's expense, in addressing such complaint or recall.

b) Accuray obligations

i) Accuray shall, at its own expense, provide commercially reasonable levels of support to assisting Siemens with its obligations listed in subsection (a) above if reasonably requested by Siemens.

ii) Accuray will be deemed to be the legal manufacturer of the Upgrade.

Other Countries

a) Parties to utilize Siemens organization and local Siemens regulatory approval presence to file and obtain required regulatory licenses and approval in other jurisdictions.

i) Approach in each country to be handled according to local marketing/sales strategy and regulatory requirements, taking into consideration the "General Approach" outlined above.

ii) The Party making the registration will receive commercially reasonable support from the other Party as required, including through the provision of all required documents.

b) Siemens to be responsible for maintenance of and response to complaint handling with respect to the Cayman Product (including the Upgrade).

i) To the extent any report, recall, or complaint relates to an Accuray Component or the Interface, Accuray will provide commercially reasonable support to Siemens, at Accuray's expense, in addressing such complaint or recall

c) Accuray shall, at its own expense, provide commercially reasonable levels of support to assisting Siemens with the filing of and obtaining the regulatory licenses and approvals described in subsection (a) above if reasonably requested by Siemens.

SCHEDULE 2.5(d)(i)(1)

Cayman Products and Cayman Upgrades Sales Targets

For the avoidance of doubt, sales of both Cayman Products and Cayman Upgrades shall be taken into account for determining whether the below targets have been satisfied.

Sales Year	Target
1	{*****}
2	{*****}
3	{*****}
4 and thereafter	As determined in good faith by the Steering Committee

A sale of a Cayman Product or a Cayman Upgrade shall be deemed to have been completed upon satisfaction of the following:

- Delivery of a purchase order by Siemens to Accuray, acceptance of such purchase order by Accuray, and proof of sell-through to the end-user; and

- A defined installation date within 12 months of the acceptance of such purchase order.

SCHEDULE 2.5(d)(i)(2)

CyberKnife System Sales Targets

Siemens Fiscal Year	Target
2010	{*****}
2011	{*****}
2012	{*****}
2013	{*****}
2014	{*****}
2015 and thereafter	As determined in good faith by the Steering Committee

SCHEDULE 2.5(f)

System Interface License Fee

US${*****}.

SCHEDULE 2.7(a)

Cayman 1 Purchase Prices

Price Option 1 (Applicable only if (i) explicitly included in the accepted purchase order and (ii) Accuray has a direct service organization in the applicable country)

Accuray to provide installation and 12 months of warranty (parts and labor)

- Package 1 (including {*****}) price is EUR {*****} to Siemens
- Package 2 (excluding {*****}) price is EUR {*****} to Siemens

Price Option 2

Siemens to provide installation, warranty labor and freight, Accuray to cover 12 months of fourth-level support (i.e., engineering support to Siemens Headquarter Service Center) and warranty parts.

- Package 1 (including {*****}) price is EUR {*****} to Siemens
- Package 2 (excluding {*****}) price is EUR {*****} to Siemens

SCHEDULE 2.7(c)

Installation Prices

Prices for "Price Option 1" identified in Schedule 2.7(a) include all installation charges.

For "Price Option 2" identified on Schedule 2.7(a), the following installation charges will apply:

- Package 1 is $US{*****}
- Package 2 is $US{*****}

SCHEDULE 3.1(a)(iii)

Accuray Approval Process for Multiple LINAC Purchases

- Accuray shall have 5 Business Days from date of the submission of a proposed Multiple LINAC Purchase or Multi-Modality Purchases by Siemens in which to either give or withhold approval of such purchase, with any failure to approve or disapprove of such purchase in such period constituting disapproval;

- Such approval may be given by either Accuray's applicable General Regional Manager or a corporate representative of Accuray, expressly designated with such approval authority in writing by Accuray to Siemens;

- Siemens' shall provide any information concerning such proposed purchase and the proposed purchaser as is reasonably requested by Accuray;

- Such approval of any such proposed purchase must not be unreasonably withheld or delayed;

- In determining whether to grant such approval, Accuray may consider, at a minimum:

    - Existing exclusivity arrangements between Accuray and Third Parties;

    - Prior and current contact with the proposed purchaser by either Party;

    - Other commercial relationships that either Party may have with the proposed purchaser;

    - Bona fide concerns about the suitability of the proposed purchaser; and

    - Whether Accuray or any of its distributors have obtained any required regulatory clearances and/or import licenses required in connection with the proposed purchase.

SCHEDULE 3.4

Determination of CyberKnife System Sales

A sale of a CyberKnife System shall be deemed to have been completed upon satisfaction of the following:

- Delivery of a purchase order by Siemens to Accuray, acceptance of such purchase order by Accuray, and proof of sell-through to the end-user;
- A defined installation date within 30 months of the acceptance of such purchase order; and
- Delivery by Siemens to Accuray of a US$100,000 deposit.

EXHIBIT A

Definitions

{*****}

"510(k) Clearance" means 510(k) clearance for the Accuray Components and Interface for the Cayman 1 Product.

"510(k) Submission" means the initial submission of the Premarket Notification to the FDA under Section 510(k) of the FDC Act for the Accuray Components and Interface for the Cayman 1 Product.

"Accuray Acquisition Change" means either of the following:

(a) a Change in Control of Accuray in which the acquiring entity is a Siemens Competitor or an Affiliate of a Siemens Competitor; or

(b) a Change in Control of a Siemens Competitor in which the acquiring entity is Accuray or an Affiliate of Accuray.

"Accuray Competitors" means those direct competitors of Accuray listed on Schedule A-1 or other Entities that, at the applicable time of determination, directly compete with Accuray.

"Accuray Components" means the following products owned or offered by Accuray, as may be modified pursuant to the Cayman 1 Initial Plan, the Cayman 1 Detailed Plan, the Cayman 1 Functional Specifications , the Cayman 2 Detailed Plan, or the Cayman 2 Functional Specifications: (a) the {*****} and (b) (i) in the case of a Cayman 1 Product, {*****} and {*****} hardware and software (including {*****}) combining {*****} and {*****} for {*****} and {*****} or (ii) in the case of a Cayman 2 Product, {*****} and {*****} hardware and software (including {*****}) combining {*****} and {*****} for {*****} and {*****}, including {*****}. For purposes of the definition of Accuray Components, references to the word "software" shall mean, except as specifically set forth in the definition of "Cayman 2 Product," the current version of such software as of the Effective Date, or as otherwise agreed in writing by the Parties.

"Accuray Excess Expenditures" means (i) the aggregate amount of expenditures and expenses of Accuray (as calculated in accordance with the provisions set forth in Section 2.2(c)) incurred in connection with satisfying its obligations under, and pursuing the objectives of, Section 2.2 jointly with Siemens less (ii) the amount of the Arrangement Fee Accuray has actually received from Siemens (and which has not been repaid by Accuray to Siemens).

"Accuray Gross Profits" means the product of (i) the aggregate amount actually paid by Siemens or its Affiliates to Accuray during the eighteen months following the Initial Shipment Date in connection with the purchase of Accuray Components and/or Interfaces pursuant to this Agreement and (ii) {*****} percent.

"Accuray-Related Infringement Claim" means any action brought against Siemens to the extent that it is based upon a Third Party claim that an Accuray Component used within the Scope infringes any Patent issued in any Relevant Accuray Country or any copyright or misappropriates any trade secret, excluding such claim to the extent resulting from: (i) use of the Interface, (ii) use of any Accuray Component not in accordance with the applicable Functional Specification; (iii) use or combination of the Accuray Components with other items, such as the {*****} or any other equipment, processes, programming applications or materials not furnished by Accuray; (iv) modifications to an Accuray Component not made by or at the express written direction of Accuray; (v) Siemens' failure to use updated or modified Accuray Components provided by Accuray; provided that such updated or modified Accuray Components would have avoided the infringement in question, or (vi) Siemens' use or distribution of an Accuray Component other than in accordance with this Agreement.

"Advisory Committee" means the Advisory Committee established to provide guidance to the Steering Committee, as more fully described in Article IV.

"Affiliate" means, with respect to any Entity, any other Entity which directly or indirectly controls, is controlled by, or is under common control with, such Entity. An Entity shall be regarded as in control of another Entity if it owns, or directly or indirectly controls, more than fifty percent (50%) of the voting stock or other ownership interest of the other Entity (or such lesser percentage as is the maximum percentage permitted under applicable law for foreign ownership where control is exercised by contract or otherwise).

"Approval Date" means the earlier of (i) both 510(k) Clearance and the grant of a CE Mark for the Accuray Components and Interface for the Cayman 1 Product and (ii) twelve months after 510(k) Submission, provided that the Cayman 1 Product has been CE Marked.

"Arrangement Fee" shall have the meaning set forth in Section 2.2(d).

{*****}

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks in either San Francisco, California or Munich, Germany are authorized or required by law to close.

"Cayman 1 Detailed Plan" shall have the meaning set forth in Section 2.2(b).

"Cayman 1 Functional Specification" shall have the meaning set forth in Section 2.2(b).

"Cayman 1 Initial Plan" means that certain high-level engineering plan for the development of the Cayman 1 Product delivered to Siemens concurrently with the execution of this Agreement.

"Cayman 1 Product" means {*****} linear accelerator product integrating {*****} technology consisting of an {*****}, the Interface applicable to a Cayman 1 Product, and the Accuray Components applicable to the Cayman 1 Product, as more fully described in the Cayman 1 Initial Plan; provided, however, that (i) Accuray Components implementing {*****},

will not be included in the Cayman 1 Product and (ii) the Cayman 1 Product may be sold to end-users by Siemens with or without the {*****}, which may be replaced by the TxT Couch described in the applicable Functional Specification. For the avoidance of doubt, all references to a "Cayman 1 Product" shall also be deemed to be references to a Cayman 1 Upgrade.

"Cayman 1 Upgrade" means the Accuray Components and the Interface required to upgrade an existing {*****} to a Cayman 1 Product.

"Cayman 2 Detailed Plan" shall have the meaning set forth in Section 2.3(a)(ii).

"Cayman 2 Functional Specification" shall have the meaning set forth in Section 2.3(a)(ii).

"Cayman 2 Product" means {*****} linear accelerator product integrating {*****} technology consisting of an {*****}, the Interface applicable to a Cayman 2 Product, and the Accuray Components applicable to the Cayman 2 Product; provided, however, that (i) Accuray Components implementing {*****}, will be included in the Cayman 2 Product and (ii) the Cayman 2 Product may be sold to end-users by Siemens with or without the {*****}, which may be replaced by the TxT Couch described in the applicable Functional Specification. Unless otherwise expressly agreed in writing by the Parties or the Steering Committee, the Cayman 2 Product shall include Version {*****} (scheduled for {*****}) of Accuray's applicable software if such version has been commercially released by Accuray prior to the time the Cayman 2 Product has been completed, except that the Cayman 2 Product shall only include the current version as of the Effective Date of Accuray's {*****} product (Version {*****}). For the avoidance of doubt, all references to a "Cayman 2 Product" shall also be deemed to be references to a Cayman 2 Upgrade.

"Cayman 2 Upgrade" means the Accuray Components and the Interface required to upgrade an existing {*****} to a Cayman 2 Product or a Cayman 1 Product to a Cayman 2 Product.

"Cayman Product" means either a Cayman 1 Product or a Cayman 2 Product.

"Change in Control" means, with respect to any Entity:

(a) the acquisition of such Entity by another Entity by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger, or consolidation, but excluding any merger effected exclusively for the purpose of changing the domicile of such Entity), unless such Entity's stockholders of record immediately prior to such transaction hold (by virtue of the securities issued as consideration in such transaction) greater than fifty percent (50%) of the total voting power of the surviving or acquiring Entity;

(b) the sale, transfer, or other disposition of all or substantially all of the assets of such Entity by means of any transaction or series of related transactions;

(c) the exclusive license of all or substantially all of the Intellectual Property of such Entity by means of any transaction or series of related transactions; or

(d) the sale of more than 50% of the capital stock of such Entity by means of any transaction or series of related transactions.

"Confidentiality Agreement " means that certain Non-Disclosure Agreement between Siemens and Accuray, dated March 25, 2010, as may be amended from time to time in accordance with its terms.

"Confidential Information" shall have the meaning given to such term in the Confidentiality Agreement.

"CyberKnife System" means Accuray's CyberKnife System, as commercially released during the Term, or any successor radiosurgery product of similar architecture should the commercial availability of Accuray's CyberKnife System be discontinued by Accuray.

"Designated Improvements" means the versions of the Accuray hardware or software identified on Schedule A-2.

"{*****} **Patents"** means the Patent family licensed by {*****} to Siemens related to the {*****}.

"Entity" means a corporation, partnership, limited liability company, trust, business trust, association, joint stock company, joint venture, pool, syndicate, sole proprietorship, unincorporated organization, governmental authority or any other form of entity not specifically listed herein.

"FDA" means the United States Food and Drug Administration, or the successor thereto.

"FDC Act" means the Food, Drug, and Cosmetic Act, as amended from time to time.

"Functional Specification" means either the Cayman 1 Functional Specification or the Cayman 2 Functional Specification, as applicable.

"Initial Shipment Date" means the first shipment date of a Cayman 1 Product to a customer.

"Installation " means, with respect to the Accuray Components and the Interface, the completion, by the entity installing such Accuray Components and Interface, of the acceptance test procedure jointly agreed by the Parties demonstrating that such Accuray Components and Interface substantially conform to the applicable Functional Specification.

"Intellectual Property " means any and all rights throughout the world in, arising from or associated with any of the following, whether protected, created or arising under the laws of the United States or any other jurisdiction: (i) trade names, trademarks and service marks (registered and unregistered), domain names and other Internet addresses or identifiers, trade dress and similar rights and applications (including intent to use applications) to register any of the foregoing (collectively, "Trademarks"); (ii) patents, utility models and other government grants for the protection of inventions and applications and rights to file applications for any of the foregoing (collectively, "Patents"); (iii) copyrights and registrations and applications for

copyrights (collectively, "Copyrights"); (iv) trade secrets and all other know-how, inventions, discoveries, improvements, concepts, ideas, methods, processes, formulae, technical data, specifications, research and development information, technology, algorithms, models, methodologies and other information that derive economic value (actual or potential) from not being generally known to public (collectively, " Trade Secrets"); (v) all databases and data collections; and (vi) moral rights, publicity rights and any other proprietary, intellectual, industrial property or information rights of any kind not otherwise covered under (i) through (v) above.

"Interface" means an interface for the interoperability of the {*****} and the Accuray Components, including interfaces: (i) to allow for sharing of patient data between the Accuray Components and the {*****} and (ii) between the Accuray Components and the {*****}'s (a) {*****} system, (b) {*****} system, (c) {*****} system, and (d) {*****}.

"MFN Terms" means terms at least as favorable as those offered by a Party to any other Entity of similar quantities, products, and/or services in a similar region.

{*****}

"Multi-Modality Purchase" means the purchase, on a single purchase order, of at least one Siemens imaging product (e.g., CT, MR, PET-CT) and at least one CyberKnife System.

"Multiple LINAC Purchase" means the purchase, on a single purchase order, of at least one Siemens linear accelerator product and at least one CyberKnife System.

{*****}

"Relevant Accuray Country" means the United States, Canada, any member of the European Union, China, Japan, and any other country in which a Patent covering any core technology incorporated in the Accuray Components has been issued to Accuray.

"Relevant Siemens Country" means any country in which a Patent covering core technology related to {*****} linear accelerator systems for radiation treatments (including the {*****}) and any other hardware or software that Siemens sells in combination therewith has been issued to Siemens.

{*****}

"Sales Year" means, for the first Sales Year, the first through the fourth fiscal quarters of Siemens (counting from the Siemens fiscal quarter starting on the Sales Year Start Date), for the second Sales Year, the fifth through the eighth fiscal quarters of Siemens (counting from the Siemens fiscal quarter starting on the Sales Year Start Date), for the third Sales Year, the ninth through the twelfth fiscal quarters of Siemens (counting from the Siemens fiscal quarter starting on the Sales Year Start Date), and so on for subsequent Sales Years.

"Sales Year Start Date" means the date that is the first day of the first Siemens fiscal quarter commencing after the 18-month anniversary of the Initial Shipment Date.

"Scope" means the following activities related to the delivery of radiation treatments to human patients:

(a) {*****};

(b) {*****};

(c) {*****}; and

(d) with respect solely to the Cayman 2 Product (and not the Cayman 1 Product), {*****}, in conjunction with Siemens' {*****};

provided, however, that the Scope shall not include any product or offering that is {*****}, and therefore the Cayman Product and Cayman Upgrade shall, at any point in time, have {*****}. For the avoidance of doubt, the intention of the Parties is that the {*****}.

"Siemens Acquisition Change" means either of the following:

(a) a Change in Control of Siemens and/or the Oncology Care System division of Siemens or such other division or business unit then responsible for the {*****} in which the acquiring entity is an Accuray Competitor or an Affiliate of an Accuray Competitor; or

(b) a Change in Control of an Accuray Competitor in which the acquiring entity is Siemens or an Affiliate of Siemens.

"Siemens Competitors" means those direct competitors of Siemens' Healthcare Oncology Care Systems division listed on Schedule A-3 or other Entities that, at the applicable time of determination, directly compete with such division of Siemens on a comparable scale to the Entities listed on Schedule A-3.

"Siemens Major Competitors" shall mean Siemens' top three competitors in the market defined by the Scope based on relative market share (other than Accuray).

"Siemens-Related Infringement Claim" means any action brought against Accuray to the extent that it is based upon a Third Party claim that a Cayman Product, including any claim based on the use or combination of the Cayman Product (or any part thereof incorporated in the Cayman Product) with other items, infringes any Patent issued in any Relevant Siemens Country or any copyright or misappropriates any trade secret. For the avoidance of doubt, the term "Siemens-Related Infringement Claim" shall not include any claims to the extent based solely on the Accuray Components or any part thereof.

"Siemens USA" shall mean Siemens Medical Solutions USA, Inc., a Delaware corporation.

"Steering Committee" means the Strategic Alliance Steering Committee, as more fully described in Article IV.

"Term" means the term of this Agreement, as set forth in Section 10.1.

"Termination Election" shall have the meaning set forth in Section 10.3(c).

"Third Party" means any Entity other than Accuray, Siemens and their respective Affiliates.

"TxT Couch" means Siemens' TxT treatment couch system, as commercially released during the Term, or any successor treatment couch system of similar architecture should the commercial availability of the Siemens' TxT treatment couch system be discontinued by Siemens.

"Upgrade" means either a Cayman 1 Upgrade or a Cayman 2 Upgrade.

{*****}

EXHIBIT B

Terms and Conditions

See attached.

Exhibit B

Terms and Conditions for the Accuray Components and Interface

The following Terms and Conditions (these "Terms and Conditions") shall apply to sales of Accuray Components and Interfaces (each as defined in that certain Strategic Alliance Agreement by and among Siemens Aktiengesellschaft ("Siemens") and Accuray Incorporated ("Supplier"), dated as of June 8, 2010 (the "SAA")) and, by way of clarification, shall not apply to any sale of Accuray's CyberKnife System. Any defined term used herein, but not otherwise defined, shall have the meaning set forth in the SAA.

1. Purchase Order and Confirmation of Purchase Order

1.1 Siemens or its Affiliate ("Customer") shall issue a purchase order (the "Purchase Order") to Supplier for each proposed purchase of Accuray Components and Interfaces, which shall contain the shipping location, requested delivery date, number and type of Accuray Components and Interfaces to be purchased, and whether Supplier installation is requested and shall be accompanied by proof of sell-through to the end-user. Each purchase of Accuray Components and Interfaces (the "Order") shall be accomplished by the execution of the Purchase Order by an authorized representative of Supplier (the "Confirmation"). Customer shall deliver the Purchase Order to Supplier for its execution not less than six months prior to the requested delivery date. The Purchase Order shall be delivered to Accuray via fax, electronic mail, or mail at the following address:

Accuray Incorporated
ATTN: Contracts Administration
1310 Chesapeake Terrace
Sunnyvale, CA 94089
Main: (408) 716-4600
Fax: (408) 789-4205
Email: Orders@accuray.com

1.2 Customer may cancel the Order if Supplier has not made the Confirmation within two weeks of receipt of the Purchase Order.

1.3 Any purchase of Accuray Components and/or Interfaces shall be subject to the terms and conditions set forth in the SAA and these Terms and Conditions. By submitting the Purchase Order to Accuray, Customer agrees to be bound by and comply with these Terms and Conditions and any provision of the SAA related to or applicable to such Purchase Order. Any terms or conditions in the Purchase Order or Confirmation that are additional to or contradictory with these Terms and Conditions and those in the SAA are invalid.

1.4 Any amendment or addition to the Order shall only be effective if Customer and Supplier confirm such amendment or addition in writing.

1.5 After the Confirmation is given by Supplier, the Order may not be canceled by Customer without Supplier's prior written consent, other than a cancellation made within 10 days after Confirmation. If Customer requests a cancellation of the Order after such 10-day period and Supplier consents to such request, Customer agrees to pay Supplier a charge determined by Supplier to cover the reasonable and proven costs of order processing, handling, re-testing, shipping, storage, repackaging, and similar activities actually incurred by Supplier in connection with such cancellation. Any amount actually paid by Customer to Supplier (the " Previous Payments") in connection with the Order may be used to offset such charge, and, after such offset, any remaining portion of the Previous Payments may be used only as payment for any future order by Customer of Accuray Components, Interfaces, and/or installation services from Accuray pursuant to the SAA.

2. Rights of Use

2.1 Supplier and its licensors retain all Intellectual Property rights in the Accuray Components. Supplier hereby grants Customer a nonexclusive, non-transferable, royalty-free and worldwide right, with the right to grant sublicenses to Affiliates of Customer, (i) to use the software provided in connection with the Accuray Components that are purchased by Customer hereunder only in machine readable form and only in combination with the Cayman Products with which such software is provided, solely for the purposes of carrying out its rights and obligations hereunder, and (ii) to grant purchasers of Cayman Products a nonexclusive, non-transferable and royalty-free right to use the software provided in connection with the Accuray Components only in machine readable form and only in combination with the purchased Cayman Products with which such software is provided. Customer agrees that it and its Affiliates shall not, and shall not permit purchasers of Cayman Products, to use such software in any other manner or to copy, modify, or disclose or make available such software, in whole or in part, to any Third Party. Supplier hereby grants Customer a nonexclusive, non-transferable, royalty-free and worldwide license, with the right to grant sublicenses to Affiliates of Customer, under any Patents owned by Supplier or the licensing of which is controlled by Supplier, solely for the purpose of (i) assembling and integrating the Accuray Components with the {*****} to create the Cayman Product, including developing any interfaces or hardware modifications that are required to enable the {*****} to interoperate with the Interface and the Accuray Components in accordance with applicable Functional Specification and (ii) marketing, offering for sale, selling, installing and delivering product support of Cayman Products. Supplier hereby grants to purchasers of Cayman Products a nonexclusive, non-transferable and royalty-free license under any method Patents owned by Supplier or the licensing of which is controlled by Supplier that, but for this license, would be infringed by the use of such Cayman Products in accordance with their applicable Functional Specifications solely within the Scope. No rights or license, whether express or implied, are granted by Supplier in this Section 2.1 to Customer under any Intellectual Property of Supplier other than as expressly granted by Supplier in this Agreement.

3. Shipping; Transfer of Risk and Title

3.1 All shipments shall be made F.C.A. Port of Oakland, California, USA. Transfer of risk from Supplier to Customer shall occur as provided in F.C.A. terms and transfer of title shall occur at the same time. Customer may request Supplier to use a particular freight carrier, and Supplier agrees to do so, if feasible. If not feasible in Supplier's reasonable judgment, then Supplier shall promptly advise Customer of the reasons. If no such request is made, Supplier shall ship in accordance with any instructions contained in the Purchase Order or via FedEx ground, with no extra insurance. Supplier shall bill any actual freight costs to Customer. Any supplementary shipping costs arising from the need to meet the delivery deadline set forth in the Purchase Order by way of expedited delivery shall be borne by Supplier, if such delivery deadline was at least six months after the Confirmation. For example, if Confirmation of the Purchase Order was given on June 1, with a requested delivery date of December 1, any expedited delivery expenses required in order to ensure delivery by December 1 shall be borne by Supplier, while if the requested delivery date was October 1, any expedited delivery expenses required in order to ensure delivery by October 1 shall be borne by Customer.

3.2 Unless otherwise agreed by Customer and Supplier, the costs of packaging shall be borne by Supplier.

3.3 Each shipment shall include a packing note or delivery note with details of the contents as well as the complete order number. Notice of dispatch shall be provided as soon as reasonably practicable with the same information.

4. Payment

4.1 All payments are due net 30 days after delivery by Supplier at the specified F.C.A. location pursuant to Section 3.1 and receipt by Customer of a reasonably undisputed invoice.

4.2 Unless otherwise agreed by Customer and Supplier, payments are to be made in United States Dollars. All payments are to be made by wire transfer to an account designated in writing by Supplier. Supplier shall bear the costs of commission charges for one wire transfer for the Order.

4.3 By way of clarification, all Supplier prices referenced in the SAA, these Terms and Conditions, or the Purchase Order, and all other amounts payable by Customer to Accuray pursuant to the foregoing are net of any value added tax or federal, state, county or municipal sales or use tax, excise or similar charge, withholding tax, or other tax assessment (except for any taxes that are assessed against income) (collectively, the "Taxes"). Customer and Supplier agree that it is their intention that Supplier will not bear any economic burden relating to the Taxes. Subject to the foregoing and to compliance with applicable laws, Customer and Supplier agree to cooperate with each other as reasonably requested to establish the responsibilities of

the parties relating to the payment and withholding of Taxes, filing of documents, and other matters in order to achieve an efficient tax result.

4.4 Past due balances on any reasonably undisputed invoiced amount shall bear interest at the rate of 0.5% per month or, if lower, the maximum amount permitted by applicable law. If Supplier is a "business person" (as defined in § 14 of the German Civil Code, "BGB"), the payment shall be deemed past due only if Customer fails to pay in response to a payment demand note received after payment becomes due.

4.5 Payment does not constitute an acknowledgement that the corresponding delivery or services were provided in accordance with any applicable requirements.

4.6 The order number as well as the number of each product and service shall be detailed in an invoice. Copies of invoices shall be marked as duplicates.

5. Inspection upon Receipt

5.1 If a shipment of products by Supplier fails to conform to the accepted Purchase Order, including the applicable functional specification, if any, then Customer shall have the right to reject such shipment or the portion thereof that fails to so conform, as the case may be.

5.2 Customer shall give written notice to Supplier of its rejection hereunder, within 10 business days after receipt at the shipping location set forth in the Purchase Order, specifying the grounds for such rejection. Any rejected portion of such shipment may be held for Supplier's disposition, at Supplier's expense if found to be not in conformance. Supplier shall cure any such rejection pursuant to the warranty provisions set forth in Section 6.

5.3 CUSTOMER'S SOLE REMEDY WITH RESPECT TO THE DELIVERY ON NON-CONFORMING PRODUCT SHALL BE THE REMEDY SET FORTH IN SECTION 5.2.

6. Warranty; Bug Fixes

6.1 Supplier warrants that (i) the hardware components of Supplier's products will be free from defects in material and workmanship and (ii) the hardware and software components of Supplier's products will operate substantially in accordance with the applicable functional specification, in each case for a period of 12 months from the date of Installation, but not to exceed 18 months from date of delivery (the "Warranty Period"). For purposes of these Terms and Conditions, "Installation" shall mean, with respect to a product, the completion, by the entity installing such product, of the applicable acceptance test procedure demonstrating that such product substantially conforms to the applicable functional specification.

6.2 If Customer notifies Supplier during the Warranty Period of any deficiency identified, Supplier must at its own expense and at its discretion either repair or replace the defective product, or, if in Supplier's opinion such repair or replacement is not

commercially reasonable, Supplier shall refund a pro-rated portion of the price paid by Customer for such defective product, which portion shall be calculated on a straight-line basis over a five-year period beginning on the date of Installation. All warranty obligations are conditioned upon and subject to return of the faulty or malfunctioning components, if any, or, in the case of a refund, the defective product. Supplier shall bear the costs and risk related to the return of such components or product, as the case may be. Failure to return such components or product, as the case may be, within 60 days shall (i) relieve Supplier of any and all warranty obligations with respect to the related product and (ii) obligate Customer to pay to Supplier the then current list price of Supplier for the replacement components and/or product, and Supplier may deliver an invoice to Customer for such amount. This Section 6.2 and Section 6.3 set forth Customer's sole and exclusive remedies with respect to a breach of the warranty specified in Section 6.1.

6.3 EXCEPT AS SET FORTH IN THIS SECTION 6 AND SECTION 2, SUPPLIER DISCLAIMS ALL EXPRESS OR IMPLIED WARRANTIES INCLUDING BUT NOT LIMITED TO THE WARRANTIES OF MERCHANTABILITY AND OF FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT.

6.4 Any limitation of liability under any warranty contained herein shall be an integral part of such warranty, which limits its scope (Section 444, second alternative German Civil Code shall not apply). Any limitation of liability for any defects contained herein shall be void insofar as Supplier has intentionally failed to disclose such defect.

6.5 For a period of 10 years following the date of delivery, Supplier will provide to Customer, without charge, Bug Fixes with respect to any software included in the Accuray Components or Interface. This is Supplier's sole and exclusive obligation and Customer's sole and exclusive remedy in relation to defective software. By way of clarification, Supplier's sole obligation shall be to make such Bug Fixes available to Customer, and Supplier shall have no obligation (unless otherwise agreed by the parties) for installation or implementation of such Bug Fixes at the end-user site. "Bug Fix" means an error correction or minor change in the existing software and/or hardware configuration that is required in order to enable the existing software and/or hardware configuration to perform to the existing functional specification(s).

7. Subcontracting to Third Parties

7.1 Subcontracting to Third Parties by Supplier shall not take place without the prior written consent of Customer, such consent not to be unreasonably withheld.

8. Confidentiality

8.1 Subject to the provisions of any licenses granted pursuant to the SAA, all drawings, designs, specifications, manuals, software, tools, patterns, samples, models, profiles, printing templates, materials, and other non-public information furnished to Customer by Supplier hereunder shall remain the confidential and proprietary property of Supplier. All such information, except as may be found in the public domain, shall be held in confidence by Customer and shall not be disclosed by Customer to any Third Parties or used by Customer other than in its operation of the delivered products in accordance with the applicable functional specification.

8.2 Subject to the provisions of any licenses granted pursuant to the SAA, all drawings, designs, specifications, manuals, software, tools, patterns, samples, models, profiles, printing templates, materials, and other non-public information furnished to Supplier by Customer hereunder shall remain the confidential and proprietary property of Customer. All such information, except as may be found in the public domain, shall be held in confidence by Supplier and shall not be disclosed by Supplier to any Third Parties or used by Supplier.

8.3 If Customer agrees to any subcontracting to a Third Party, such Third Party shall agree, in writing, to the confidentiality provisions contained in Section 8.2.

9. Assignment of Claims

9.1 Any assignment of any claim by Supplier is only allowed with the prior written consent of Customer, such approval not to be unreasonably withheld.

9.2 Any assignment of any claim by Customer is only allowed with the prior written consent of Supplier, such approval not to be unreasonably withheld.

10. Inability to Pay / Insolvency

10.1 Customer or Supplier may terminate all unperformed or undelivered portions of the Order, effective upon delivery of written notice to the other party, if: (i) any assignment for the benefit of the other party's creditors is made, (ii) the other party voluntarily files a petition in bankruptcy or similar proceeding, (iii) the other party has such a petition in bankruptcy or similar proceeding involuntarily filed against it, (iv) the other party is placed in an insolvency proceeding, (v) if an order is entered appointing a receiver or trustee of the other party, or (vi) a levy or attachment is made against a substantial portion of the other party's assets, and, with respect to any event set forth in clauses (iii) through (vi) above, such position, placement, order, levy or attachment is not dismissed or removed within 30 days from the date of such event.

11. Code of Conduct

11.1 Supplier shall comply, in all material respects, with the Siemens Code of Conduct attached hereto as Exhibit A (the "Code of Conduct"). Customer shall give Supplier written notice of any change to its the Code of Conduct as soon as reasonably practicable.

11.2 Siemens and Customer shall comply, in all material respects, with Siemens' Business Conduct Guidelines and other internal regulations and guidelines.

12. Export Control, Foreign Trade Data Regulations, Permits

12.1 Supplier shall be responsible for compliance with any applicable law, code, registration, regulation, and ordinance related to the export of the products to Customer, if any (the "Export Regulations"), and Supplier shall be liable for any expenses and/or damages incurred by Customer due to any non-compliance by Supplier (unless Supplier is not responsible for such non-compliance). Supplier shall advise Customer in writing within two weeks of the Confirmation of any information or data required by Supplier to comply with an Export Regulation, including without limitation:

- All applicable export list numbers, including the Export Control Classification Number according to the U.S. Commerce Control List (ECCN);
- The statistical commodity code according to the current commodity classification for foreign trade statistics and the HS (Harmonized System) coding;
- The country of origin (non-preferential origin); and
- Supplier's declaration of preferential origin (in case of European suppliers) or preferential certificates (in case of non-European suppliers).

12.2 Customer shall be responsible for obtaining all permits and for meeting all laws, codes, registrations, regulations, and ordinances other than the Export Regulations applicable to Customer's import, use, or sale of the products in each applicable jurisdiction. Supplier has no responsibility for compliance with such laws, codes, registrations, regulations, and ordinances, but shall provide such information or documents as are reasonably requested by Customer and required in order to obtain any such permits.

13. Force Majeure

13.1 In the event that either Customer or Supplier is prevented or delayed from fulfilling or performing any of its obligations with respect to the Order (other than an obligation to pay money) due to the occurrence of causes beyond the reasonable control of such party, including but not limited to fires, floods, embargoes, wars, acts of war (whether war is declared or not), acts of terrorism, insurrections, riots, civil commotions, strikes, lockouts or other labor disturbances, acts of God or acts, omissions or delays in acting by any governmental authority, then such party's performance shall be excused, and the time for performance shall be extended, for the period of inability or

delay due to such occurrence; provided, however, that such party shall have used its commercially reasonable efforts to avoid such inability or delay, and such party shall have given prompt written notice to the other party of such occurrence; provided, further, that if any such prevention or delay is for a period of greater than six months, the other party shall have the option to terminate the Order.

14. Term; Penalty for Breach; Damages

14.1 Where any delay in delivery, performance, or rectification can be anticipated, Supplier shall notify Customer without undue delay.

14.2 In the event of any such delay that results in the delivery by Supplier at the specified F.C.A. location pursuant to Section 3.1 more than two weeks after the delivery date set forth in the accepted Purchase Order or the provision of a service more than two weeks after the requested service date set forth in the accepted Purchase Order, the Customer may charge Supplier a penalty in respect of each additional week of delay (following such two week period) amounting to 1% of the total value of the delayed product or service per week; provided, however, that the total penalty shall not exceed 3% of the total value of the delayed product or service. This penalty may be used only as payment for any future order by Customer of Accuray Components, Interfaces, and/or installation services from Accuray pursuant to the SAA.

14.3 WITHOUT AFFECTING STRICT PRODUCT LIABILITY UNDER APPLICABLE LAW OR ARTICLES 8, 17, OR 18 AND EXCEPT FOR BREACHES ASSOCIATED WITH THE UNAUTHORIZED USE OF THE INTELLECTUAL PROPERTY OF THE OTHER PARTY, IN NO EVENT SHALL EITHER CUSTOMER OR SUPPLIER BE LIABLE TO THE OTHER PARTY FOR SPECIAL, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR TORT DAMAGES, INCLUDING WITHOUT LIMITATION, ANY DAMAGES RESULTING FROM LOSS OF USE, LOSS OF DATA, LOSS OF PROFITS OR LOSS OF BUSINESS ARISING OUT OF OR IN CONNECTION WITH THE ORDER, THE MATTERS CONTEMPLATED BY THESE TERMS AND CONDITIONS, AND/OR THE SAA, WHETHER OR NOT SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

14.4 WITHOUT AFFECTING ARTICLES 8 OR 17 AND EXCEPT FOR ANY LIABILITY (i) RELATING TO ANY BREACH ASSOCIATED WITH THE UNAUTHORIZED USE OF INTELLECTUAL PROPERTY, (ii) ARISING FROM THE INTENTIONAL BREACH OR WILLFUL MISCONDUCT OF A PARTY, OR (iii) ARISING FROM THE NON-COMPLIANCE WITH ANY MANDATORY APPLICABLE LAW OR REGULATION, SUPPLIER'S AGGREGATE LIABILITY ARISING FROM OR RELATED TO THE PURCHASE OF ANY PRODUCT OR SERVICE PURSUANT TO THE PURCHASE ORDER SHALL NOT EXCEED THE PAYMENT RECEIVED BY SUPPLIER FOR SUCH PRODUCT OR SERVICE, AND SHALL, IN ANY CASE, BE SUBJECT TO THE LIMITATIONS SET FORTH IN SECTION 9.3 OF THE SAA.

14.5 By way of clarification, these Terms and Conditions with respect to the Order shall survive the expiration or termination of the SAA.

15. Reservation Clause

15.1 Customer's and Supplier's obligations to fulfill the Order are subject to the proviso that such fulfillment is not prevented by any impediments arising out of any national or international foreign trade or customs requirements or any embargos or other sanctions.

16. Supplementary Provisions

16.1 Insofar as the provisions of these Terms and Conditions do not regulate certain matters, relevant statutory provisions of German substantive law shall apply.

17. IP Indemnification

17.1 Supplier will defend or settle any action brought against Customer to the extent that it is based upon an Accuray-Related Infringement Claim, and will pay any costs and damages made in settlement or awarded against Customer in final judgment resulting from any such claim, subject to Section 17.3.

17.2 Customer will defend or settle any action brought against Supplier to the extent that it is based upon a Siemens-Related Infringement Claim, and will pay any costs and damages made in settlement or awarded against Supplier in final judgment resulting from any such claim, subject to Section 7.3.

17.3 The respective indemnification obligations of Customer and Supplier under Section 17.1 and Section 17.2 are subject to condition that the party seeking to enforce any such indemnification obligations (the " IP Indemnified Party") must: (i) give the party that is obligated to indemnify the IP Indemnified Party (the "IP Indemnifying Party") prompt notice of any such claim; (ii) give the IP Indemnifying Party sole control of the defense and any related settlement of any such claim; and (iii) give the IP Indemnifying Party, at the IP Indemnifying Party's expense, all reasonable information, assistance and authority in connection with the foregoing. The failure to deliver prompt notice to the IP Indemnifying Party, if, and to the extent, prejudicial to its ability to defend such claim, shall relieve such IP Indemnifying Party of any liability to the IP Indemnified Party under this Article, but the omission so to deliver notice to the IP Indemnifying Party will not relieve it of any liability that it may have to the IP Indemnified Party other than under this Article. The IP Indemnifying Party will not be bound by any settlement or compromise that the IP Indemnified Party enters into without the IP Indemnifying Party's express prior written consent.

17.4 Customer and Supplier acknowledge that Third Parties may assert an action that includes claims against both Customer and Supplier that involve both Accuray-Related Infringement Claims and Siemens-Related Infringement Claims (a " Joint Responsibility Infringement Action"). Customer and Supplier agree that, if any Joint Responsibility Infringement Action is brought against them, they will reasonably

cooperate with each other in the defense and settlement of such action and that Supplier will be responsible for the proportion of the aggregate costs of defense and settlement that is attributable to the Accuray-Related Infringement Claim and Customer will be responsible for the proportion of the aggregate cost of defense and settlement that is attributable to the Siemens-Related Infringement Claims; provided that neither party will settle any Joint Responsibility Infringement Action without the consent of the other party except to the extent a settlement solely affects Accuray-Related Infringement Claims, in the event Supplier is the settling party, or Siemens-Related Infringement Claims, in the event that Customer is the settling party. Customer and Supplier agree that Supplier shall pay the amount of any damages awarded in any Joint Responsibility Infringement Action that is attributable to Accuray-Related Infringement Claims and Customer shall pay the amount of any damages awarded in any Joint Responsibility Infringement Action that is attributable to Siemens-Related Infringement.

17.5 If, due to an Accuray-Related Infringement Claim or other action in which it is alleged that Accuray Components infringe the Intellectual Property of a Third Party, (x) Customer's rights to use and distribute a Cayman Product under the terms of the SAA are, or in the Steering Committee's opinion are likely to be, enjoined or (y) Supplier is prevented from fulfilling its obligations under the SAA or these Terms and Conditions, then Supplier may, at its sole option and expense: (i) procure for Customer the right to continue to distribute such Cayman Product under the terms of the SAA; (ii) replace or modify such Cayman Product so that it is non-infringing without changing in any material respect its functionality and performance according to the applicable Functional Specification; or (iii) if options (i) and (ii) above cannot be accomplished despite Supplier's reasonable efforts, then either party may terminate the Order; provided, that in the case of such termination, Supplier shall pay to Customer the amount actually paid by Customer to Supplier for the Accuray Components in the Order based on a straight-line depreciation calculated over a 5-year period beginning on the date of delivery of the applicable Accuray Component, provided that all Accuray Components are returned to Supplier in an undamaged condition.

17.6 If, due to a Siemens-Related Infringement Claim or other action in which it is alleged that any Cayman Product (or any part thereof incorporated in the Cayman Product) infringes the Intellectual Property of a Third Party, Customer's rights to use and distribute a Cayman Product under the terms of the SAA are, or in the Steering Committee's opinion are likely to be, enjoined, then Customer may, at its sole option and expense: (i) procure for Customer the right to continue to distribute such Cayman Product under the terms of the SAA; (ii) replace or modify such Cayman Product so that it is non-infringing without changing in any material respect its functionality and performance according to the applicable Functional Specification; or (iii) if options (i) and (ii) above cannot be accomplished despite Customer's reasonable efforts, then either party may terminate this Agreement; provided, that in the case of such termination, Customer shall pay to Supplier an amount equal to the actual costs incurred by Supplier with respect to the Accuray Components or Interfaces in the Order for which payment has not been made, and once paid for, any such Accuray Components or Interfaces, in their then current state, shall be owned by Customer and delivered to Customer by Supplier at the expense of Customer. For the avoidance of

doubt, this Section 17.6 shall not apply to any claim to the extent based solely on the Accuray Components or any part thereof.

17.7 TO THE EXTENT PERMISSIBLE BY LAW, THE FOREGOING PROVISIONS SET FORTH IN THIS ARTICLE 17 SET FORTH EACH PARTY'S SOLE AND EXCLUSIVE LIABILITY AND EACH PARTY'S SOLE AND EXCLUSIVE REMEDY FOR ANY CLAIMS OF INFRINGEMENT OR MISAPPROPRIATION OF INTELLECTUAL PROPERTY RIGHTS OR PROPRIETARY RIGHTS OF ANY KIND.

18. General Indemnification

18.1 In addition to Supplier's indemnification obligations set forth in Article 17, Supplier shall indemnify and hold Customer harmless from and against all losses, liabilities, damages and expenses (including reasonable attorneys' fees and costs) resulting from any claims, demands, actions or other proceedings by any Third Party arising from (a) the breach of any representation, warranty, or covenant by Supplier under these Terms and Conditions or (b) the negligence or willful misconduct of Supplier in performing its obligations under these Terms and Conditions.

18.2 In addition to Customer's indemnification obligations set forth in Article 17, Customer shall indemnify and hold Supplier harmless from and against all losses, liabilities, damages, and expenses (including reasonable attorneys' fees and costs) resulting from any claims, demands, actions or other proceedings by any Third Party arising from (a) the breach of any representation, warranty, or covenant by Customer under these Terms and Conditions or (b) the negligence or willful misconduct of Customer in performing its obligations under these Terms and Conditions.

18.3 A party (the "Indemnitee") that intends to claim indemnification under this Article shall promptly notify the other party (the "Indemnitor") of any claim, demand, action or other proceeding for which the Indemnitee intends to claim such indemnification. The Indemnitor shall have the right to participate in, and, to the extent the Indemnitor so desires, jointly with any other indemnitor similarly noticed, to assume the defense thereof with counsel selected by the Indemnitor; provided, however, that the Indemnitee shall have the right to retain its own counsel, with the reasonable fees and expenses to be paid by the Indemnitor, if the Indemnitee reasonably determines that representation of the Indemnitee by counsel retained by the Indemnitor would be inappropriate due to actual or potential differing interests between the Indemnitee and any other party represented by such counsel in such proceedings. The indemnity obligations under this Article shall not apply to amounts paid in settlement of any claim, demand, action or other proceeding if such settlement is effected without the consent of the Indemnitor, which consent shall not be unreasonably withheld or delayed. The failure to deliver notice to the Indemnitor promptly after the commencement of any such action or other proceeding, if, and to the extent, prejudicial to its ability to defend such action or other proceeding, shall relieve such Indemnitor of any liability to the Indemnitee under this Article, but the omission so to deliver notice to the Indemnitor will not relieve it of any liability that it may have to any Indemnitee otherwise than under this Article. The Indemnitor shall not settle, or

otherwise consent to an adverse judgment in, any such action or other proceeding that diminishes the rights or interests of the Indemnitee without the express written consent of the Indemnitee. The Indemnitee, its employees and agents, shall cooperate fully, at the expense of the Indemnitor, with the Indemnitor and its legal representatives in the investigation of any claim, demand, action or other proceeding covered by this indemnification.

19. Dispute Resolution; Applicable Law

19.1 Any controversy or claim relating to, arising out of, or in any way connected to the Order or these Terms and Conditions shall be finally resolved by final and binding arbitration in accordance with this Section 19.1 by a panel of three arbitrators, to be conducted in Zurich, Switzerland. Each of the parties may appoint one arbitrator having reasonable experience in transactions of the type contemplated by the SAA (except to the extent it is not reasonably practicable to appoint an arbitrator with such experience), and the two arbitrators so chosen shall agree upon the third arbitrator. Unless the parties agree otherwise, the arbitration shall be conducted in accordance with the Rules of Arbitration of the International Chamber of Commerce (ICC), the language to be used in the arbitration proceedings shall be English, and if and to the extent the Rules of Arbitration of the International Chamber of Commerce are silent with respect to any procedural aspects, said rules shall be supplemented by the provisions of the German Code of Civil Procedure (Zivilprozessordnung). The decision of the arbitrators shall be final, nonappealable and binding upon the parties. Such decision may be entered in any court of competent jurisdiction for the enforcement thereof. With regard to any arbitration commenced pursuant to this section, the International Bar Association (IBA) Rules on the Taking of Evidence in International Commercial Arbitration of June 1, 1999 shall apply. The work product of an (outside or in-house) attorney and communication between an (outside or in-house) attorney and a client shall be subject to the privilege provided for in Article 9, Section 2 of said IBA Rules and shall not be disclosed. The arbitrators shall issue a written opinion setting forth their decision and the reasons therefor within thirty days after the arbitration proceeding is concluded.

19.2 The Order and these Terms and Conditions shall be governed by, and construed in accordance with, the laws of the Federal Republic of Germany excluding the United Nations Convention on Contracts of International Sale of Goods (CISG) and the provisions of German private international law.

20. Notice

20.1 All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, (b) if by facsimile, upon written or electronic confirmation of receipt (if sent during business hours of the recipient, otherwise on the next business day following such confirmation), (c) on the first business day following the date of dispatch if delivered utilizing a next-day service by a recognized next-day courier, (d) on the earlier of confirmed receipt or the fifth business day following the date of mailing if delivered

by registered or certified mail, return receipt requested, postage prepaid. All notice hereunder shall be delivered to the addresses set forth below:

If to Supplier:

Accuray Incorporated
1310 Chesapeake Terrace
Sunnyvale, CA 94089
USA
Attn: General Counsel
Facsimile: +1 (408) 789-4205

If to Customer:

Siemens AG
Henkestr. 127
91054 Erlangen
Germany
Attn: Healthcare General Counsel, Ritva Sotamaa
Facsimile: + 49/931 - 84 - 8807

21. Amendment and Waiver

21.1 Except as otherwise provided herein, any term hereof may be amended, terminated or waived only with the written consent of Customer and Supplier. The waiver by either Customer or Supplier of (i) any right hereunder, (ii) the failure to perform, or (iii) a breach by the other party shall not be deemed a waiver of any other right hereunder or of any other breach or failure by the other party whether of a similar nature or otherwise.

22. Severability

22.1 Whenever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision hereof is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision in such jurisdiction, and these Terms and Conditions shall be reformed, construed and enforced in such jurisdiction to the fullest extent permitted to give effect to the intention of the parties, and as if such invalid, illegal or unenforceable provision had never been contained herein.

Exhibit A

Code of Conduct

SIEMENS

Code of Conduct for Siemens Suppliers

This Code of Conduct defines the basic requirements placed on Siemens' suppliers of goods and services concerning their responsibilities towards their stakeholders and the environment. Siemens reserves the right to reasonably change the requirements of this Code of Conduct due to changes of the Siemens Compliance Program. In such event Siemens expects the supplier to accept such reasonable changes.

The supplier declares herewith:

- **Legal compliance**
  - to comply with the laws of the applicable legal system(s).
- **Prohibition of corruption and bribery**
  - to tolerate no form of and not to engage in any form of corruption or bribery, including any payment or other form of benefit conferred on any government official for the purpose of influencing decision making in violation of law.
- **Respect for the basic human rights of employees**
  - to promote equal opportunities for and treatment of its employees irrespective of skin color, race, nationality, social background, disabilities, sexual orientation, political or religious conviction, sex or age;
  - to respect the personal dignity, privacy and rights of each individual;

- to refuse to employ or make anyone work against his will;
- to refuse to tolerate any unacceptable treatment of employees, such as mental cruelty, sexual harassment or discrimination;
- to prohibit behavior including gestures, language and physical contact, that is sexual, coercive, threatening, abusive or exploitative;
- to provide fair remuneration and to guarantee the applicable national statutory minimum wage;
- to comply with the maximum number of working hours laid down in the applicable laws;
- to recognize, as far as legally possible, the right of free association of employees and to neither favor nor discriminate against members of employee organizations or trade unions.

- **Prohibition of child labor**

  - to employ no workers under the age of 15 or, in those countries subject to the developing country exception of the ILO Convention 138, to employ no workers under the age of 14.

- **Health and safety of employees**

  - to take responsibility for the health and safety of its employees;
  - to control hazards and take the best reasonably possible precautionary measures against accidents and occupational diseases;
  - to provide training and ensure that employees are educated in health and safety issues;
  - to set up or use a reasonable occupational health & safety management system(1).

- **Environmental protection**

  - to act in accordance with the applicable statutory and international standards regarding environmental protection;
  - to minimize environmental pollution and make continuous improvements in environmental protection;
  - to set up or use a reasonable environmental management system(1).

- **Supply chain**

  - to use reasonable efforts to promote among its suppliers compliance with this Code of Conduct;
  - to comply with the principles of non discrimination with regard to supplier selection and treatment.

(1) For further information see www.siemens.com/procurement/cr/code-of-conduct

EXHIBIT C

Multiple LINAC Distribution Agreement

See attached.

ACCURAY INCORPORATED
MULTIPLE LINAC AND MULTI-MODALITY
DISTRIBUTOR AGREEMENT

This Multiple LINAC and Multi-Modality Distributor Agreement (" Agreement") is entered into by and between ACCURAY INCORPORATED, a Delaware corporation with its executive offices located at 1310 Chesapeake Terrace, Sunnyvale, California 94089, USA (" Accuray"), and SIEMENS AKTIENGESELLSCHAFT, a corporation formed under the laws of the Federal Republic of Germany, with its registered offices located at Berlin and Munich ("Siemens"), as of June 8, 2010 ("Effective Date").

RECITALS

Accuray manufactures and sells full-body radiosurgery systems using image-guided robotics, including the CyberKnife® Robotic Radiosurgery System, which is FDA cleared in the United States to provide treatment planning and image-guided stereotactic radiosurgery and precision radiotherapy for lesions, tumors and conditions anywhere in the body where radiation treatment is indicated.

In order to achieve its business objectives, Accuray relies on qualified distributors to market and distribute its products and services.

Accuray and Siemens have entered into that certain Strategic Alliance Agreement, dated as of the date hereof (the " Strategic Alliance Agreement "), and such agreement provides that Accuray and Siemens shall enter into a distribution agreement for Multiple LINAC and Multi-Modality Purchases (as defined below).

Accuray wishes to appoint Distributor (as defined below) as a non-exclusive, worldwide distributor for the Products and Services to Customer in connection with Multiple LINAC or Multi-Modality Purchases (as defined below), subject to the terms and conditions of this Agreement, and Distributor wishes to accept such appointment.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants set forth below, the parties hereto hereby agree as follows:

1. **DEFINITIONS**. Capitalized terms used, but not defined herein, shall have the meaning provided in the Strategic Alliance Agreement. The following terms, as used herein, have the following meaning:

1.1. *"Accuray Regions"* means Accuray's sales regions (as of the Effective Date) of the Americas (North America and South America), APAC (Asia Pacific, including Australia and other than India and Japan), EIMEA (Europe, India, Middle East, and Africa), and Japan.

1.2. *"Customer"* means any person or business entity with whom Distributor enters into an agreement for Products or Services in connection with a Multiple LINAC or Multi-Modality Purchase pursuant to this Agreement.

1.3. *"Distributor"* means Siemens, its Affiliates, or any Third Party which has been granted distribution rights whose scope includes the Products and/or Services by Siemens.

1.4. *"Multiple LINAC or Multi-Modality Purchase"* means a Multiple LINAC Purchase or a Multi-Modality Purchase.

1.5. *"Multi-Modality Purchase"* means the purchase, on a single purchase order, of at least one Distributor imaging product (e.g., CT, MR, PET-CT) and at least one System.

1.6. *"Multiple LINAC Purchase"* means the purchase, on a single purchase order, of at least one Distributor linear accelerator product and at least one System.

1.7. *"Product(s)"* means the System and/or related products manufactured by or for Accuray for use in the radiosurgery market, which have been approved for sale in the Customer's geographic region.

1.8. *"Quote"* means a quote provided by Accuray to Distributor pursuant to Section 2.3 that will serve as the basis for the Product configuration, Services, pricing and delivery schedule offered to a Customer by Distributor.

1.9. *"Service(s)"* means the performance of radiosurgery-related service(s) by Accuray or its distributors, which may include technical support, training or installation of Products as specified in the Quote.

1.10. *"Service Agreements"* means the Accuray CyberKnife Service Agreement or such other service programs and agreements as may be released or modified by Accuray from time to time.

1.11. *"Spare Parts"* means replacement or additional parts or Products used in connection with the System.

1.12. *"Specification(s)"* means the current written description of a Product or Service prepared by Accuray and provided to Distributor.

1.13. *"System(s)"* means the Accuray CyberKnife® Robotic Radiosurgery System or CyberKnife® VSI™ System, as applicable.

2. **DISTRIBUTORSHIP**

2.1. Appointment. Accuray hereby appoints Distributor as a non-exclusive, worldwide distributor of Products and Services to Customers solely in connection with Multiple LINAC or Multi-Modality Purchases, not to the exclusion of Accuray itself or any of its other current or future distributors and subject to the terms and conditions of this Agreement. By way of clarification, this Agreement does not relate to any Cayman Product, including, without limitation, the distribution or sale thereof or any services related thereto.

2.2. Pricing.

2.2.1. Pricing of Products and Services shall be based upon Accuray's then current price lists for such Products and Services. The current price list for Products and Services effective as of the Effective Date will be provided to Distributor contemporaneously with the delivery of this fully executed Agreement to Distributor. Such price lists will be subject to change from time to time in Accuray's sole discretion, and Accuray shall use commercially reasonable efforts to provide Distributor with updated pricing on a regular basis, provided that pricing included in a Quote delivered by Accuray to Distributor shall reflect Accuray's current up-to-date pricing unless otherwise agreed. Updated price lists shall not apply to valid Quotes

issued by Accuray and subject to acceptance by Distributor prior to the effective date of such updated price lists.

2.2.2. Notwithstanding the foregoing or anything to the contrary contained in this Agreement, Distributor may present for approval to Accuray opportunities for sales of Products and Services at prices that differ from the prices set forth in the then current price list. Accuray may, in its sole and absolute discretion, approve any such opportunity, and if approved in writing by Accuray, Distributor shall otherwise be permitted to pursue such opportunity at such prices, which opportunity shall otherwise be governed by and pursued pursuant to the terms of this Agreement.

2.3. Quote and Purchase Process. Distributor acknowledges and agrees that Accuray will determine the appropriate quote process to be observed by the parties under this Agreement and may amend this process (other than the approval rights set forth in Section 2.3.2) as notified to the Distributor reasonably in advance. In addition, Distributor acknowledges that each proposed sale of a Product or Service under this Agreement is subject to the approval rights of Accuray set forth in Section 2.3.2. Accuray and Distributor will comply with the following process for making sales of Products and Services in connection with Multiple LINAC or Multi-Modality Purchases:

2.3.1. Opportunity. Once Distributor has identified a Customer opportunity in connection with a Multiple LINAC or Multi-Modality Purchase, it shall request a Quote from Accuray based on the Product configuration and Services requested by the Customer and the Accuray Region in which the Customer is located, and shall include such other information regarding the Customer and the proposed opportunity as Accuray may reasonably request.

2.3.2. Quote. Following receipt of Distributor's Quote request, Accuray will determine whether to approve the issuance of a Quote related to such request. Such determination shall be made in accordance with and subject to the conditions set forth in Schedule 2.3.2 attached hereto. If Accuray approves the issuance of a Quote, Accuray shall issue a Quote to Distributor based on the Product configuration and Services requested by the Customer, including pricing for such Products and Services as provided in Section 2.2 above. The Quote issued by Accuray in relation to a Customer opportunity shall serve as the basis of any offer made by Distributor to that Customer and shall remain valid for at least six months (unless earlier declined by Distributor), and Distributor shall submit an amended Quote request to Accuray in the event adjustments to a Quote are requested by the Customer. Any such amended Quote request from Distributor shall again be subject to the Accuray approval process set forth in this Section 2.3.2.

2.3.3. Purchase. To purchase Products or Services based on a Quote provided by Accuray, Distributor will issue a purchase order, which shall include specific references to the quote number of such Quote (the " Purchase Order"). Accuray shall either accept or reject such Purchase Order within two weeks after receipt thereof, with any failure to approve or disapprove of such Purchase Order in such period constituting disapproval. Each purchase of Accuray Components and Interfaces shall be accomplished and a Purchase Order may be accepted by the execution of the Purchase Order by an authorized representative of Accuray. To the extent of any inconsistency between the Quote and the related Purchase Order, the terms and conditions of such Quote shall govern and Distributor acknowledges and agrees that Accuray shall not be bound by any terms, conditions or boilerplate language included in a Distributor purchase order submitted to Accuray. The Purchase Order shall be delivered to Accuray via fax, electronic mail, or mail at the following address:

Accuray Incorporated
ATTN: Contracts Administration
1310 Chesapeake Terrace
Sunnyvale, CA 94089
Main: (408) 716-4600
Fax: (408) 789-4205
Email: Orders@accuray.com

2.3.4. Cancellation; Amendment; Conflict. Distributor may cancel the Purchase Order if Accuray has not executed such Purchase Order within two weeks of receipt. Any amendment or addition to the Purchase Order shall only be effective if Distributor and Accuray confirm such amendment or addition in writing. To the extent of any inconsistency between a Quote or a Purchase Order and this Agreement, this Agreement shall prevail, unless such Quote or Purchase Order is signed by both the CFO or General Counsel of Accuray and the CFO of Distributor, expressly refers to this Section 2.3.4, and states that the Quote or Purchase Order is intended to supersede this Agreement.

2.4. Standard Lead Time. As of the Effective Time and to the best of Accuray's knowledge, Accuray's standard lead time for delivery of Products is six months.

3. **DUTIES OF DISTRIBUTOR**

3.1. Independent Distributor. Distributor shall be and must at all times make it clear that it is an independent entity contracting with Accuray, and is not the employee, representative or agent of Accuray. Distributor does not have the ability or authority to enter into any legal agreements or obligations that would bind Accuray in any manner.

3.2. Market Knowledge, Promotion and Sales. Distributor will develop a thorough and complete understanding of the Products and Services. Distributor will use its knowledge and understanding to identify and cultivate potential Customers. Distributor agrees to use commercially reasonable efforts to introduce, promote the sale of, and obtain orders for the Products and Services in connection with Multiple LINAC or Multi-Modality Purchases, including, without limitation, including the Products and Services in each of Distributor's

Oncology Care Systems price book and sales operation system, such that all of Distributor's sales representatives can access quotations for Products and Services at least as easily as all other systems then available for purchase from Distributor. Moreover, Distributor represents and warrants that, on the date hereof and during the Term of this Agreement and any extension thereof, it (i) possesses the knowledge, experience, skills, and ability required to properly fulfill its obligations under this Agreement; and (ii) has the required facilities, manpower, capacity, financial strength, and knowledge to market and distribute Accuray's Products and Services in connection with Multiple LINAC or Multi-Modality Purchases.

3.3. Distributor Personnel. During the Term of this Agreement and any extension thereof, Distributor agrees to use commercially reasonable efforts to employ qualified sales and technical personnel familiar with the Products and Services, including, without limitation, at least one person in Distributor's Oncology Care Systems sales group with a primary responsibility for sales of Products, to perform the marketing and sales requirements as set forth herein.

3.4. Distributor Personnel Sales Training. Distributor shall use commercially reasonable efforts to cause each of its Oncology Care Systems sales personnel with any sales duties related to the Systems to attend any training provided by Accuray in such personnel's Accuray Region pursuant to Section 4.12.

3.5. Offers. Distributor shall inform Accuray of all potential Customers for Multiple LINAC or Multi-Modality Purchases during the Term of this Agreement or any extension thereof. Distributor shall offer such potential Customers only those Products or Services described in then current price lists, and only in accordance with the applicable Customer Quote and this Agreement.

3.6. Purchase Schedule. For each sale completed by Distributor, the resulting contract for the sale of Products shall be between Distributor and the Customer and the Service Agreement, if any, shall be between Accuray and the Customer or Accuray and the Distributor, as determined pursuant to Section 4.8. For each such sale, Distributor must send a Purchase Order to Accuray at least six (6) months prior to the expected shipment date.

3.7. Customer Complaints. Distributor shall report promptly and in writing to Accuray any complaints or expressions of dissatisfaction by the Customers to Distributor relating to the Products or Services. Any such reports shall be provided to Accuray via electronic mail to the following address: complaints@accuray.com.

3.8. Warranty. Distributor will not make any warranties or representations in Accuray's name or on Accuray's behalf other than the warranty provided by Accuray pursuant to Section 4.6 unless approved in advance in writing by Accuray.

3.9. Service Agreements. Distributor will make commercially reasonable efforts to sell a Service Agreement to each Customer. For the avoidance of doubt, (i) the obligations of the parties with respect to the Service Agreement are as set forth in Sections 3.6 and 4.8 and (ii) the failure of Distributor to sell a Service Agreement to any Customer shall not be deemed to be a breach of this Agreement.

3.10. Upgrades. Any Product upgrades released by Accuray (other than Bug Fixes and Safety Updates, which are addressed in Section 4.6.3 and 4.6.4 respectively) can be purchased at the discretion of the Distributor pursuant to the procedures set forth in Section 2.3. Such

upgrades will be available at the prices listed in the then current price list as of the date of the Quote (unless prior written approval by Accuray for application of an earlier price list is obtained) for the upgrade, less any applicable discounts as specified in Exhibit A hereto.

3.11. Compliance with Laws.

3.11.1. Compliance Generally. Distributor has and will have during the Term of this Agreement and any extension thereof the ability to distribute, market and sell the Products and Services in accordance with the terms of this Agreement, in full compliance with all governmental, regulatory and other requirements under any applicable law. Furthermore, Distributor agrees to comply with all applicable international, national, regional and local laws applicable to the performance of its duties hereunder or to any transactions involving the Products or Services contemplated hereunder.

3.11.2. United States Laws. Distributor understands that, because it is distributing the Products and Services of Accuray, a corporation subject to the laws of the United States of America, Distributor must, when carrying out its duties pursuant to this Agreement, avoid violations of certain of such laws. These include, but are not necessarily limited to, the following:

3.11.2.1. Restrictive Trade Practices or Boycotts, U.S. Code of Federal Regulations Title 15, Chapter VII, Part 760.

3.11.2.2. Foreign Corrupt Practices Act, U.S. Code Title 15, § 78.

3.11.2.3. Export Controls, imposed by U.S. Executive Order or implementing regulations of the U.S. Departments of Commerce, Defense or Treasury.

3.11.3. No Illegal Activity. Neither party (nor their sub-distributors, if any ("Sub-Distributors")) shall engage in any illegal activities. A party will not be held responsible for any activities of the other party or the other party's Sub-Distributors that may be considered to be illegal. For example, neither party supports the practice of bribes or under-the-table payments. Each party will ensure a like clause is included in each agreement it has with its Sub-Distributors, and monitor activities of its Sub-Distributors closely. In the event a party deems that its good-will has been or may potentially be affected by any such illegal activity of the other party or the other party's Sub-Distributors, then such party reserves the right to terminate this Agreement or any portion thereof that relates to or is materially affected by such illegal activity with no further liability to the other party or the other party's Sub-Distributors. Such party assumes no liability for such illegal activity and the other party hereby indemnifies and holds such party, its officers and assigns, harmless from any loss, damage and liability arising from or in connection with such illegal activity.

3.12. Sales Targets. Distributor shall not be subject to any minimum purchase requirements, but shall agree to the annual sales targets set forth in Schedule 2.5(d)(i)(2) of the Strategic Alliance Agreement and to using its customary standard sales processes, including, without limitation, the MTA process, with respect to sales of Systems.

3.13. Affiliates; Distributors. Siemens shall cause any of its Affiliates or distributors purchasing Systems or Services pursuant to the terms of this Agreement to agree to be bound by and comply with the terms and conditions of this Agreement and the provisions of the Strategic Alliance Agreement related to or applicable to such purchase, unless such Affiliate or distributor is already party to a distribution agreement for Products with Accuray.

4. DUTIES OF ACCURAY

4.1. Fulfillment and Shipment.

4.1.1. Fulfillment of Executed Purchase Orders. Accuray is responsible for ensuring that the Products supplied are of good quality as further described below. Accuray will use commercially reasonable efforts to provide to Distributor or Customer, as applicable, in a timely manner those Products and Services required to fill confirmed Purchase Orders received from Distributor in accordance with the terms of this Agreement.

4.1.2. Shipment. All shipments shall be made F.C.A. Port of Oakland, California, USA. Transfer of risk from Accuray to Distributor shall occur at such F.C.A. location as provided in F.C.A. terms and transfer of title shall occur at the same time. Distributor may request Accuray to use a particular freight carrier, and Accuray agrees to do so, if feasible. If not feasible in Accuray's reasonable judgment, then Accuray shall promptly advise Distributor of the reasons. If no such request is made, Accuray shall ship in accordance with any instructions contained in the Purchase Order or via FedEx ground, with no extra insurance. Accuray shall bill any actual freight costs to Distributor. Any supplementary shipping costs arising from the need to meet the delivery deadline set forth in the Purchase Order by way of expedited delivery shall be borne by Accuray, if such delivery deadline was at least six months after the submission of such Purchase Order by Distributor. For example, if a Purchase Order was submitted on June 1, with a requested delivery date of December 1, any expedited delivery expenses required in order to ensure delivery by December 1 shall be borne by Accuray, while if the requested delivery date was October 1, any expedited delivery expenses required in order to ensure delivery by October 1 shall be borne by Distributor.

4.2. Product and Service Pricing. Accuray will provide its then current U.S. list pricing for its Products and Services to Siemens once per year during the Term of this Agreement and any extension thereof, or upon request from Siemens. All prices will be stated in US Dollars, unless another currency is agreed upon in writing by Accuray.

4.3. Product Specifications and Promotional Literature. Accuray will provide product specifications and promotional literature to Distributor from time to time during the Term of this Agreement and any extension thereof. Distributor may use product specifications and promotional literature in Distributor's dealings with Customers. Accuray may introduce changes and upgrades to the Products. Accuray will use commercially reasonable efforts to give Distributor as much advance notice of upgrades as is feasible.

4.4. Regulatory Clearance. Accuray will be responsible for and will bear all expenses related to obtaining and maintaining any approvals, permits and licenses required under any applicable law in order to sell, market and distribute the Products and Services to a Customer in

connection with Multiple LINAC or Multi-Modality Purchases, including any upgrades to or expanded usage of the Products; provided, however, that if Accuray does not have a direct presence in or Accuray does not have a distributor for the sales of Systems specifically for the country in which the Customer requests delivery, as a condition to any sale of Products or Services to such Customer, Accuray may require Distributor (solely with the consent of Distributor) to enter into a distribution agreement with Accuray pursuant to Section 3.2 of the Strategic Alliance Agreement providing, among other things, that Distributor will be responsible for obtaining all such approvals, permits, and licenses for sales to such Customer. Distributor will provide any assistance or documentation reasonably requested by Accuray and at Accuray's expenses to assist Accuray with its obligations under this Section 4.4. Accuray will be registered as the sole owner of any rights, title and interest to any of the Products or Spare Parts, as the case may be; provided, however, that should any applicable law or regulation require that Distributor alone be entitled to such ownership rights, Distributor shall hold this approval as trustee for Accuray and hereby consents to transfer or sublicense such approval to Accuray free of charge or to support Accuray in its efforts to re-obtain the approval for the benefit of Accuray or a third party named by Accuray upon expiration or termination of this Agreement. Lists indicating, as of the Effective Date, (i) the countries in which Accuray has obtained regulatory approvals for the Products and Services and (ii) the countries in which Accuray has a direct presence or has a distributor for the sales of Systems specifically for such country are being delivered to Siemens concurrently with the execution of this Agreement. Accuray shall provide to Siemens updates of such lists on a quarterly basis.

4.5. Import License. Accuray or its distributor will obtain and maintain all required import licenses, and shall serve as importer of record for all Products and Services delivered in or into any country or region, other than the United States, pursuant to this Agreement; provided, however, that if Accuray does not have a direct presence in or Accuray does not have a distributor specifically for the sales of Systems in the country in which the Customer requests delivery, as a condition to any sale of Products or Services to such Customer, Accuray may require Distributor (solely with the consent of Distributor) to enter into a distribution agreement with Accuray pursuant to Section 3.2 of the Strategic Alliance Agreement providing, among other things, that Distributor will obtain and maintain all required import licenses and will act as the importer of record for the Products and Services ordered by such Customer.

4.6. Warranty.

4.6.1. Scope of Warranty. Accuray will provide a warranty to each Customer that the Products will be free from material defects and perform substantially in accordance with the written Specifications provided by Accuray as reflected in the regulatory clearance at the time of sale for a period of one (1) year following Installation of the Products at Customer's facility, but not to exceed eighteen (18) months following shipment of such Products to Distributor (" Warranty Period"). "Installation" of the System shall occur upon completion by Accuray or the entity installing the System, as applicable, of Accuray's acceptance test procedure demonstrating that the System substantially conforms to the written Specifications. If Accuray does not perform the Installation, Distributor will notify Accuray in writing within ten (10) days following Installation (including any testing procedures undertaken by Customer or its installation service provider). In no event shall Distributor, Customer or their respective agents use the System (or any portion thereof) for any purpose before Installation thereof without the express written approval of Accuray. Distributor

shall indemnify and hold Accuray harmless from any such use. Accuray makes no warranty that the operation of any software will be uninterrupted or error-free. Except as set forth in the preceding sentences, Accuray makes no warranties or representations to Customers or to any other party regarding any Products or Services provided by Accuray. **TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ACCURAY DISCLAIMS ALL OTHER WARRANTIES AND REPRESENTATIONS, WHETHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND ANY WARRANTIES ARISING OUT OF COURSE OF DEALING OR USAGE OF TRADE.**

4.6.2. Hardware and Software. If a Customer notifies Accuray in writing during the Warranty Period of a defect in a Product that causes the Product to fail to conform to the foregoing warranty, Accuray shall at its option either repair or replace the non-conforming Product or, if in Accuray's opinion such repair or replacement is not commercially reasonable, Accuray shall refund a pro-rated portion of the price paid by the Customer for such Product calculated based on a straight-line depreciation over a 5-year period beginning on the date of delivery. This will be Accuray's sole and exclusive obligation and such Customer's sole and exclusive remedy in relation to defective Products and parts.

4.6.3. Software and Bug Fixes. Notwithstanding Section 4.6.2, for a period of 10 years following Installation of a System, Accuray will provide to Customer, without charge, Bug Fixes with respect to any software included in the System. This is Accuray's sole and exclusive obligation and Customer's and Distributor's sole and exclusive remedy in relation to defective software. By way of clarification, Accuray's sole obligation shall be to make such Bug Fixes available to Customer, and Accuray shall have no obligation (unless otherwise agreed by the Customer and Accuray) for installation or implementation of such Bug Fixes at the Customer's site. "Bug Fix" means an error correction or minor change in the existing software and/or hardware configuration that is required in order to enable the existing software and/or hardware configuration to perform to the existing functional specification(s).

4.6.4. Safety Updates. Notwithstanding Section 4.6.2 and any obligations according to law, for a period of 10 years following Installation of a System, Accuray will provide to Customer, without charge, Safety Updates with respect to any hardware or software included in the System. This is Accuray's sole and exclusive obligation and Customer's and Distributor's sole and exclusive remedy in relation to any Safety Update required to be provided by applicable law in the Customer's jurisdiction. By way of clarification, Accuray's sole obligation shall be to make such Safety Update available to Customer, and Accuray shall have no obligation (unless otherwise agreed by the Customer and Accuray) for installation or implementation of such Safety Update at the Customer's site. " Safety Update" means an error correction or change in the existing software and/or hardware configuration that is required for safety in order to enable the existing software and/or hardware configuration to perform to the existing functional specification(s) in accordance with applicable law in the Customer's jurisdiction.

4.6.5. Warranty Exclusions. All warranty replacement of Products and parts shall be limited to malfunctions which are due and traceable to defects in original material or workmanship of Products. The warranties set forth in this Section 4.6 shall be void

and of no further effect in the event of abuse, accident, alteration, misuse or neglect of Products, including but not limited to user modification of the operating environment specified by Accuray and user modification of any software.

4.6.6. Warranty Basis. Any limitation of liability under any warranty contained herein shall be an integral part of such warranty, which limits its scope (Section 444, second alternative German Civil Code shall not apply). Any limitation of liability for any defects contained herein shall be void insofar as Accuray has intentionally failed to disclose such defect.

4.7. Installation. Unless otherwise agreed by Accuray and Distributor (including, without limitation, pursuant to the terms of any distribution agreement entered into pursuant to Section 3.2 of the Strategic Alliance Agreement), Accuray shall be responsible for installation of Accuray Products at Customer sites.

4.8. Service Agreements. Accuray will provide its then current Service Agreements to Distributor from time to time during the Term of this Agreement and any extension thereof, or upon request from Distributor. All prices will be stated in US Dollars, unless another currency is agreed upon in writing by Accuray. Such Service Agreements are to be offered to the Customer on the terms as set forth in those agreements, unless otherwise agreed to in writing by an authorized representative of Accuray. Accuray shall execute a Service Agreement with the Customer upon receipt of (i) a copy of such Service Agreement executed by the Customer, and (ii) any payments then due under such Service Agreement; provided, however, that Accuray shall have no obligation to enter into such Service Agreement if it materially deviates from the form Service Agreement provided to Distributor; provided, further, that if Accuray does not have a direct presence in or Accuray does not have a distributor for the sales of Systems specifically for the country in which the Customer requests Services, as a condition to any sale of Services to such Customer, Accuray may require Distributor (solely with the consent of Distributor) to enter into a distribution agreement with Accuray pursuant to Section 3.2 of the Strategic Alliance Agreement providing, among other things, that Distributor may (at its sole discretion) enter into such Service Agreement with such Customer and will provide directly to such Customer the Services required to be performed under such Service Agreement. If Accuray enters into such Service Agreement with such Customer, Accuray will be responsible for and will provide to such Customer (either directly or through one or more of its distributors) the services required to be performed under such Service Agreement.

4.9. Customer Training. If training of Customer's personnel is included in a Purchase Order confirmed by Accuray, Accuray will provide such training in accordance with Accuray's then current training offerings and will coordinate with the Customer in order to provide such training at Accuray's facility in Sunnyvale, California (or such other facility as may be agreed upon by Customer and Accuray). For the purposes of such training, Accuray will be responsible for the travel and accommodation expenses of its personnel, while Customer shall be responsible for the travel and accommodation expenses of its personnel. All Customer training provided by Accuray will be conducted in English and, to the extent a Customer or its personnel do not have adequate English language reading and comprehension skills, Accuray will provide an interpreter and translation services sufficient to enable the Customer and its personnel to meaningfully and effectively participate in Accuray training courses.

4.10. Customer Support. Unless otherwise agreed by Accuray and Distributor (including, without limitation, pursuant to the terms of any distributorship agreement entered into pursuant to Section 3.2 of the Strategic Alliance Agreement), Accuray will provide guidance to billing and reimbursement personnel of each Customer regarding regulatory and billing requirements and reimbursement for treatment provided with Products under radiosurgery reimbursement codes. Accuray will coordinate and assist the Customer with room evaluation, architecture support and quality assurance issues in relation to Customer installation sites.

4.11. Additional Support and Training. Accuray will provide additional service, support, or training in relation to Products or Services at Customer's request, to be ordered separately and directly from Accuray, and priced on a time and materials basis according to Accuray's then current price lists.

4.12. Distributor Personnel Sales Training. Accuray shall provide training of Distributor's sales personnel responsible for sales of Products and Services to Distributor free of charge. Such training shall be at the times, in such locations, and in the scope agreed upon by Distributor and Accuray in good faith; provided, however, that such training shall be provided to such Distributor personnel in each Accuray Region at least once per year. Each party shall be responsible for all costs and expenses, including travel and lodging, incurred by it or its personnel to attend or provide such training. Accuray will provide additional training to Distributor's personnel as may be reasonably requested by Distributor on a time and materials basis according to Accuray's then current price lists.

4.13. Support of Distributor's Efforts. Accuray shall, at its own expense:

4.13.1. assign a dedicated marketing point of contact for Distributor's marketing and sales personnel, which employee may be based at any of Distributor's facilities as requested by the Steering Committee; and

4.13.2. provide global sales and marketing support, including support for individual sales opportunities, to Distributor; provided, however, that the scope, duration, location, availability, and timing of such support shall be subject to commercially reasonable limits and shall be determined pursuant to Section 3.3(a)(iii) of the Strategic Alliance Agreement.

4.14. Compliance with Laws. Accuray will be responsible for complying with (i) applicable U.S. laws, (ii) where Products are being shipped to Distributor and unless otherwise agreed by Accuray and Distributor, applicable laws, codes, registrations, regulations, and ordinances related to the export of the Products to Distributor, and (iii) any other applicable laws as they pertain to the Products, the regulatory clearance, and

safety in accordance with Accuray's written Specifications for the intended use. In addition, Accuray shall be responsible for compliance with any applicable law, code, registration, regulation, and ordinance related to the export of the Products or Services to Customer and/or Distributor, if any (the "Export Regulations"), and Accuray shall be liable for any expenses and/or damages incurred by Distributor due to any non-compliance with such Export Regulations by Accuray (unless Accuray is not responsible for such non-compliance). Accuray shall advise Distributor in writing within two weeks of the confirmation of the Purchase Order of any information or data required by Accuray to comply with an Export Regulation, including without limitation:

(a) All applicable export list numbers, including the Export Control

Classification Number according to the U.S. Commerce Control List (ECCN);

(b) The statistical commodity code according to the current commodity classification for foreign trade statistics and the HS (Harmonized System) coding;

(c) The country of origin (non-preferential origin); and

(d) Accuray's declaration of preferential origin (in case of European suppliers) or preferential certificates (in case of non-European suppliers).

4.15. Spare Parts. Upon a termination of this Agreement, Accuray shall continue to make available to Customers support services on commercially reasonable terms, including, without limitation, spare parts for the Systems for a minimum period of 10 years after the last shipment of a System pursuant to this Agreement.

5. COMPENSATION AND PAYMENT

5.1. Orders. Distributor shall make an offer to a Customer based on the Quote provided by Accuray pursuant to the process set forth in Section 2.3. Submission and acceptance of an order shall be completed pursuant to Section 2.3.3.

5.2. Purchase Price.

5.2.1. Distributor shall pay the prices listed in the applicable Purchase Order (unless prior written approval by Accuray for application of an earlier price list is obtained) for the Products, including any Spare Parts, less any applicable discounts as specified in Exhibit A hereto. Distributor shall receive a commission in the amount specified in Exhibit A hereto for any Service Agreement entered into by Accuray with Customer pursuant to Section 4.8.

5.2.2. All costs of delivering the Products to the Distributor or Customer (including, but not limited to, costs for land, air and/or ocean freight, insurance, port, customs and forwarding fees, if any), as well as any rigging and unloading of the Products, shall be paid as provided in the F.C.A. terms. Unless advised otherwise, all prices quoted by Accuray include the cost of packing and crating for delivery.

5.2.3. Taxes. By way of clarification, all Accuray prices referenced in this Agreement, and all other amounts payable by Distributor to Accuray pursuant to this Agreement are net of any value added tax or federal, state, county or municipal sales or use tax, excise or similar charge, withholding tax, or other tax assessment (except for any taxes that are assessed against income) (collectively, the "Taxes"). The parties agree that it is their intention that Accuray will not bear any economic burden relating to the Taxes. Subject to the foregoing and to compliance with applicable laws, Accuray and Distributor agree to cooperate with each other as reasonably requested to establish the responsibilities of the parties relating to the payment and withholding of Taxes, filing of documents, and other matters in order to achieve an efficient tax result.

5.3. Compensation. Except as otherwise provided herein, Distributor's only compensation for its efforts on Accuray's behalf shall be the margins it earns on the resale of Products and

commissions on sales of Services, and Distributor shall bear all of the expenses which it incurs in making those efforts. Notwithstanding the foregoing, in the event that Accuray does not approve the issuance of a Quote to a potential Customer and later contracts directly (or through one of its distributors) with such potential Customer, of which Accuray shall inform Distributor without undue delay, Distributor shall receive credit for any sales of Systems to such potential Customer pursuant to and subject to the fulfillment of the conditions set forth in Section 3.4 of the Strategic Alliance Agreement.

5.4. Payment.

5.4.1. System Purchase Payments. Payment for the purchase of a System shall be made by Distributor to Accuray in US Dollars in the form of either (1) an irrevocable trade finance letter of credit or (2) wire transfer as further described in Sections 5.4.1.1 (Letter of Credit) and 5.4.1.2 (Wire Transfer), respectively below. Accuray shall bear the cost of any bank charges assessed by its bank for a letter of credit and any commission charge for a wire transfer. Past due balances on any reasonably undisputed amount shall bear interest at the rate of 0.5% per month or, if lower, the maximum amount permitted by applicable law. If Distributor is a "business person" (as defined in § 14 of the German Civil Code, "BGB"), the payment shall be deemed past due only if Distributor fails to pay in response to a payment demand note received after payment becomes due.

5.4.1.1. Letter of Credit. An irrevocable trade finance letter of credit issued by Distributor's bank, confirmed by a bank designated by Accuray in all respects and delivered to Accuray upon the acceptance of the Purchase Order by Accuray. The letter of credit will provide that Accuray can draw against the letter of credit according to the following schedule:

5.4.1.1.1. US $100,000 (non-refundable but, in case of cancellation of the Purchase Order, automatically applied to Distributor's next purchase of a System) upon Accuray's acceptance of the Purchase Order, which must be at least four (4) months prior to the Distributor's proposed shipment date; and

5.4.1.1.2. Balance upon presentation of documents by Accuray evidencing shipment of the Products to Distributor or Customer as designated in the Purchase Order.

5.4.1.2. Wire Transfer. A wire transfer made in advance of the date payment is due, made in U.S. dollars, to a bank selected by Accuray, according to the following schedule:

5.4.1.2.1. US $100,000 (non-refundable but, in case of cancellation of the Purchase Order, automatically applied to Distributor's next purchase of a System) upon Accuray's acceptance of the Purchase Order, which must be at least four (4) months prior to the Distributor's proposed shipment date; and

5.4.1.2.2. The remaining balance is due net 30 days after delivery by Accuray at the specified F.C.A. location pursuant to Section 4.1.2 and receipt by Distributor of a reasonably undisputed invoice.

5.4.1.3. Tax Exempt Status. In the event that Customer claims tax exempt status in the country where the Accuray System is to be installed, Customer must provide Accuray with sufficient evidence of such tax exempt status prior to delivery of the Accuray System.

5.4.2. Products, Spare Parts and Upgrade Payments. Full payment of the purchase price for Products (other than Systems), Spare Parts and upgrades shall be made by Distributor to Accuray in US Dollars by wire transfer to a bank selected by Accuray and is due net 30 days after delivery by Accuray at the specified F.C.A. location pursuant to Section 4.1.2 and receipt by Distributor of a reasonably undisputed invoice. Accuray shall bear the cost of any commission charge for a wire transfer.

5.4.3. Payments by Customers Direct to Accuray. If agreed to in writing by Accuray, Customers may make payments directly to Accuray using the payment methods and schedules set forth in Sections 5.4.1.1 (Letter of Credit), 5.4.1.2 (Wire Transfer) and 5.4.2 (Products, Spare Parts and Upgrade Payments) above. Should Customers make such payments to Accuray and such payment include the Distributor's margin, then Accuray will pay such margin to Distributor once payment is received from the Customer and cleared by Accuray's designated bank.

5.5. Collections. Notwithstanding Section 5.4.3 above, Distributor shall be solely responsible for determining the creditworthiness of and collecting payment from its Customers. The risk of non-collection from the Customer will be borne entirely by Distributor, which shall be responsible for making timely payment to Accuray for Products whether or not Distributor is successful in collecting from its Customer. In the event that full payment is not received by Accuray, Accuray shall not be liable to Distributor for any margin or commission unless and until it has received payment of amounts sufficient to cover the costs incurred by Accuray to provide the applicable Products to Distributor and the applicable Services to Customer ("Accuray Cost"). Distributor acknowledges and agrees that it shall not be entitled to receive payment of any margin or commission until Accuray has received payment of the Accuray Cost amount in relation to the applicable Products and Services.

6. TERM AND TERMINATION

6.1. Term. Unless otherwise agreed in writing by Accuray and Distributor and subject to the termination rights contained in this Agreement, this Agreement shall begin on the Effective Date and shall continue until the termination of the Strategic Alliance Agreement; provided, however, that if a Termination Election relating to this Agreement is made pursuant to Section 10.3 of the Strategic Alliance Agreement prior to such termination, this Agreement shall terminate 36 months after such Termination Election (the "Term").

6.2. Termination.

6.2.1. Breach. If either party commits a material breach of a material provision of this Agreement, if such breach was not excused as a force majeure pursuant to Section 12.12, and if the breaching party has not cured such breach to the other party's

reasonable satisfaction within 30 days after written notice from the other party specifying the nature of such breach, then the other party shall have the right to terminate this Agreement upon delivery of written notice to the breaching Party.

6.2.2. Bankruptcy. A party may terminate this Agreement effective upon delivery of written notice to the other party if: (i) any assignment for the benefit of the other party's creditors is made, (ii) the other party voluntarily files a petition in bankruptcy or similar proceeding, (iii) the other party has such a petition in bankruptcy or similar proceeding involuntarily filed against it, (iv) the other party is placed in an insolvency proceeding, (v) if an order is entered appointing a receiver or trustee of the other party, or (vi) a levy or attachment is made against a substantial portion of the other party's assets, and, with respect to any event set forth in clauses (iii) through (vi) above, such position, placement, order, levy or attachment is not dismissed or removed within 30 days from the date of such event.

6.3. Effect of Termination. Upon expiration of the Term (or other termination of this Agreement):

6.3.1. Transition of Activities. Accuray and Distributor agree to negotiate in good faith an orderly transition of Distributor's distribution responsibilities and activities to Accuray or a third party designated by Accuray and Distributor agrees to assist in the transition.

6.3.2. Pending Obligations. Each party must continue to fulfill any obligations, including but not limited to pending Quotes, accrued before the effective date of such termination.

6.3.3. Return of Materials. Distributor shall transfer to Accuray upon Accuray's request: any regulatory clearances, licenses or permits obtained for conduct of the business pursuant to this Agreement; any Confidential Information; and other items as negotiated in good faith between the parties. Furthermore, each of the parties agree to cooperate fully with the other for any reasonable transition assistance required in the case of termination or expiration of this Agreement.

6.4. No Termination Compensation. Distributor waives any rights it may have to receive any compensation or indemnity upon termination or expiration of this Agreement, other than as expressly provided in this Agreement. Distributor acknowledges that it has no expectation and has received no assurances that any investment by Distributor in the promotion of the Products will be recovered or recouped or that Distributor will obtain any anticipated amount of profits by virtue of this Agreement.

6.5. Accruals. No termination or expiration of this Agreement will terminate any obligation of payment which has accrued prior to the effective date of such termination or expiration.

7. **DISPUTE RESOLUTION.** Any contractual issues or disputes arising out of or related to this Agreement shall be resolved pursuant to the procedures set forth in Section 11.3 of the Strategic Alliance Agreement.

8. **CONFIDENTIALITY.** Accuray and Distributor agree that all Confidential Information furnished to a party or its Affiliates, employees, consultants, and advisors in connection with this Agreement will

be subject to and the parties' rights and obligations with respect to such Confidential Information shall be governed by the Confidentiality Agreement.

9. **INTELLECTUAL PROPERTY RIGHTS.**

9.1. Notice of Infringement. Distributor undertakes to inform Accuray without undue delay if it first becomes aware of any possible infringement by third parties of Accuray's proprietary rights, including, without limitation, a duplication of the Products or any other patent, trademark or copyright or other infringement of Accuray's intellectual property rights in connection with the Products, and to cooperate with Accuray at Accuray's sole expense regarding any legal action in relation to such infringement, which in Accuray's judgment, is necessary or desirable.

9.2. Third Party Claims. If Distributor promptly notifies Accuray of a claim it has received or of which it becomes aware that the Products or any part thereof purchased by Distributor hereunder infringes a third party's proprietary rights, then Accuray agrees, at its discretion, either to (i) defend the claim at its expense, with the cooperation of Distributor, provided, that Accuray shall reimburse Distributor for any reasonable costs or expenses actually incurred by Distributor in connection with providing such cooperation, or (ii) make changes in the Product or part thereof so that they are at least functionally equivalent and non-infringing or replace the Products with alternatives that are at least functionally equivalent to avoid the claim, or (iii) purchase the right to use such proprietary right or (iv) refund to the purchaser the net book value of the Product less a reasonable deduction for use, wear and tear, and depreciation upon Accuray taking possession of such Product. Notwithstanding Section 10.1, the foregoing states the entire liability of Accuray with respect to infringement of patents or other proprietary rights by the Products or part thereof, or by their operation. To remove all doubt, Accuray has no obligation regarding any claim based on any of the following: (a) modification of the Products by any person other than Accuray; (b) combination, operation or use of the Products with other products, parts, components, materials or accessories not provided by Accuray; or (c) infringement by a product not manufactured by Accuray.

9.3. Intellectual Property Ownership and License. Accuray and its licensors retain all intellectual property rights in the Products. Accuray hereby grants Distributor or Customer a nonexclusive, non-transferable, royalty-free right to use the software provided in connection with the Products only in machine readable form and only in combination with the Products with which such software is provided. No such software shall be copied or decompiled in whole or in part by Distributor or Customer, and Distributor or Customer shall not disclose or provide any such software, or any portion thereof, to any third party. Accuray hereby grants to Customers of Products a non-exclusive, non-transferable and royalty-free license under any Patents owned by Accuray or the licensing of which is controlled by Accuray that, but for this license, would be infringed by the use of such Products in accordance with the applicable Specification. All rights in intellectual property not expressly granted hereunder are reserved by the owner of such intellectual property.

9.4. Product Labeling. Products shall be labeled and identified at point of manufacture. Accuray shall be responsible for compliance with all applicable local laws and regulations relating to labeling. Such labeling and identification shall be only as acceptable to Accuray and may be altered or added to by Distributor only as previously agreed upon in writing by Accuray. The failure of Distributor to comply with these provisions shall be considered a material default under the terms of this Agreement.

9.5. Trademarks. Distributor acknowledges the validity and proprietary value of Accuray's trademarks including, but not limited to, "CyberKnife." Accuray shall retain sole ownership of all goodwill associated with the Products, as represented and symbolized by the associated trademarks, and Distributor shall not register any of Accuray's trademarks in its name. Distributor undertakes to display Accuray's trademarks solely in connection with identifying Accuray in the sale and marketing of Products hereunder. Distributor shall not remove copyright notices or any trademarks from the Products. Distributor shall not be entitled to use said trademarks in conjunction with Distributor's own trademarks or for any other purpose, except in the manner authorized by Accuray, which authorization will not be unreasonably withheld and in compliance with distribution standards and specifications established by Accuray. If Accuray determines in its sole discretion that Distributor is not meeting such standards and specifications, Distributor shall immediately, at Accuray's instructions, take all steps necessary to ensure that such standards and specifications are met or cease all further use and display of the trademarks. In the event of expiration or termination of this Agreement, Distributor shall immediately discontinue all use of Accuray's trademarks except for the sale of Distributor's inventory of Products.

10. **INDEMNITIES.**

10.1. Accuray Indemnity. Accuray will defend or settle any action brought against Distributor and shall indemnify and hold Distributor harmless from any liability, damages and expenses (including court costs and reasonable attorneys' fees) to the extent that it is based upon a third-party claim that a Product, as provided by Accuray to Distributor under this Agreement, infringes any patent issued in the United States, Germany, or in the country in which the Customer requested delivery of the Product or any copyright or misappropriates any trade secret, and will pay any costs and damages made in settlement or awarded against Distributor in final decision resulting from any such claim, provided that Distributor: (i) gives Accuray prompt notice of any such claim; (ii) gives Accuray sole control of the defense and any related settlement of any such claim; and (iii) gives Accuray, at Accuray's expense, all reasonable information, assistance and authority in connection with the foregoing. Accuray will not be bound by any settlement or compromise that Distributor enters into without Accuray's express prior written consent.

10.2. Products Liability Indemnity. Accuray will defend or settle any action brought against Distributor and shall indemnify and hold Distributor harmless from any liability, damages and expenses (including court costs and reasonable attorneys' fees) to the extent that it is based upon a third-party claim that a Product, as provided by Accuray to Distributor under this Agreement is unsafe when used according to Accuray's written Specifications for its intended use, and will pay any costs and damages made in settlement or awarded against Distributor in final decision resulting from any such claim, provided that Distributor: (i) gives Accuray prompt notice of any such claim; (ii) gives Accuray sole control of the defense and any related settlement of any such claim; and (iii) gives Accuray, at Accuray's expense, all reasonable information, assistance and authority in connection with the foregoing. Accuray will not be bound by any settlement or compromise that Distributor enters into without Accuray's express prior written consent.

10.3. Injunctions. If Distributor's rights to use and distribute a Product under the terms of this Agreement are, or in Accuray's opinion are likely to be, enjoined due to the type of claim specified in Section 10.1 (Accuray Indemnity), then Accuray may, at its sole option and expense: (i) procure for Distributor the right to continue to use and distribute such Product under the terms of this Agreement; (ii) replace or modify such Product so that it is non-

infringing; or (iii) if options (i) and (ii) above cannot be accomplished despite Accuray's reasonable efforts, then Accuray or Distributor may terminate this Agreement with respect to such Product and Accuray shall credit to Distributor a pro-rated portion of the amount paid for such Product based on a straight-line depreciation calculated over a 5-year period beginning on the date of delivery of the Product, provided that all units of such Product are returned to Accuray in an undamaged condition.

10.4. Indemnity Exclusions. Notwithstanding the foregoing, Accuray will have no obligation under Sections 10.1 (Accuray Indemnity) or 10.2 (Products Liability Indemnity) for any third-party claim to the extent that such claim results from: (i) use of any Products not in accordance with Accuray's written Specifications; (ii) use or combination of the Products with other items, such as other equipment, processes, programming applications or materials not furnished by Accuray; (iii) compliance by Accuray with Distributor's or Customers' designs, specifications or instructions; (iv) modifications to a Product not made by or at the express written direction of Accuray; (v) Distributor's failure to use updated or modified Products provided by Accuray, provided that such updated or modified Products would have avoided the basis for such claim; or (vi) Distributor's use or distribution of a Product other than in accordance with this Agreement. The foregoing clauses (i) to (vi) are referred to collectively as "Indemnity Exclusions".

10.5. Limitation. WITHOUT AFFECTING STRICT PRODUCT LIABILITY UNDER MANDATORY APPLICABLE LAW, THE FOREGOING PROVISIONS OF THIS SECTION SET FORTH ACCURAY'S SOLE AND EXCLUSIVE LIABILITY AND DISTRIBUTOR'S SOLE AND EXCLUSIVE REMEDY FOR ANY CLAIMS OF INFRINGEMENT OR MISAPPROPRIATION OF INTELLECTUAL PROPERTY RIGHTS OR PROPRIETARY RIGHTS OF ANY KIND.

10.6. Distributor Indemnity. Distributor will defend or settle, indemnify and hold Accuray harmless from any liability, damages and expenses (including court costs and reasonable attorneys' fees) to the extent based upon a third-party claim based on or otherwise attributable to: (i) Distributor's acts or omissions not in accordance with this Agreement or (ii) any misrepresentations made by Distributor with respect to Accuray or the Products or Services.

11. **LIABILITY.**

11.1. Liability for Death or Injury. The liability of any party with respect to death or injury to any person is subject to and governed by the provisions of applicable law.

11.2. Limitation on Liability. WITHOUT AFFECTING STRICT PRODUCT LIABILITY UNDER MANDATORY APPLICABLE LAW, SECTION 10, OR THE RESPECTIVE OBLIGATIONS OF THE PARTIES UNDER THE CONFIDENTIAILITY AGREEMENT AND EXCEPT FOR BREACHES ASSOCIATED WITH THE UNAUTHORIZED USE OF INTELLECTUAL PROPERTY, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR SPECIAL, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR TORT DAMAGES, INCLUDING WITHOUT LIMITATION, ANY DAMAGES RESULTING FROM LOSS OF USE, LOSS OF DATA, LOSS OF PROFITS OR LOSS OF BUSINESS ARISING OUT OF OR IN CONNECTION WITH THE MATTERS CONTEMPLATED BY THIS AGREEMENT, WHETHER OR NOT A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

11.3. Liability Cap. Without affecting Section 10 or the respective obligations of the parties under the Confidentiality Agreement and except for any liability (i) relating to any breach associated with the unauthorized use of Intellectual Property, (ii) arising from the intentional breach or willful misconduct of a party, or (iii) arising from the non-compliance with any mandatory applicable law or regulation, the total aggregate liability of one party to another party for any claim relating to any breach of this Agreement (or any Purchase Order or other agreement entered into in connection with this Agreement) (a "Claim") shall be limited to the aggregate amount of the purchase prices paid by Distributor to Accuray for Products pursuant to this Agreement (or any Purchase Order or other Agreement entered into in connection with this Agreement) during the twelve calendar months preceding the date of the notification to the other party of such Claim less any amounts paid or payable in respect of any other Claim of which the other party was notified during such twelve month period.

11.4. Notice; No Waiver. Each party shall not unreasonably delay notification to the other party of any Claim. Nothing in this Section 11 shall be deemed a waiver by any party of any right to injunctive relief to the extent it is available to such party.

12. **MISCELLANEOUS PROVISIONS**

12.1. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the Federal Republic of Germany excluding the United Nations Convention on Contracts of International Sale of Goods (CISG) and the provisions of German private international law.

12.2. Modification. Notwithstanding any provision to the contrary in this Agreement, Distributor and Accuray may agree, by execution of a written agreement, to modify any term or provision of this Agreement, including, without limitation, the duties of the parties, the Quote and Purchase Order approval procedure, the pricing of the Products and Services, and the payment terms, with respect to any single or number of Customer opportunities, Quotes, or Purchase Orders.

12.3. Publicity. Both parties may not use the other party's name or trademarks on its literature, signs, or letterhead, nor may it make press releases or other public statements disclosing its relationship under this Agreement or otherwise without the prior written consent of the other party, which shall not be unreasonably withheld or delayed.

12.4. Goodwill. Distributor agrees that it will help develop and work to preserve the goodwill of Accuray, and will not unreasonably harm that goodwill. In the event of termination of this Agreement for any reason, Distributor will not do anything to unreasonably harm the goodwill of Accuray.

12.5. Titles. Titles of the various paragraphs and sections of this Agreement are for ease of reference only and are not intended to change or limit the language contained in those paragraphs and sections.

12.6. Assignment. Neither this Agreement, nor any of the rights, interests, or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise, by any party without the prior written consent of the other party, and any such assignment without such prior written consent shall be null and void; provided, however, that this Agreement may be assigned by a Party in connection with a Change in Control of such party, subject to the specific termination and other rights set forth in the Strategic

Alliance Agreement upon such Change in Control; provided, further, that Siemens may assign its rights and obligations under this Agreement to any Distributor that agrees, in writing, to be bound by and comply with the terms and conditions of this Agreement and the provisions of the Strategic Alliance Agreement, provided, that no such assignment shall relieve Siemens of its obligations hereunder or thereunder if such Distributor does not perform such obligations. Subject to the foregoing, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and permitted assigns.

12.7. Conduct.

12.7.1. Both parties prohibit the harassment of their employees and contractors in any form. They consider harassment of, or discrimination against, their employees and affiliated persons a very serious matter and will investigate all complaints of inappropriate conduct. Where the investigation uncover harassment or discrimination, the other party may take reasonable corrective action, including, without limitation, termination of this Agreement for material breach.

12.7.2. During the Term, Accuray shall comply, in all material respects, with Siemens' Code of Conduct, attached hereto as Exhibit B (the "Code of Conduct"). Siemens shall give Accuray written notice of any change to its Code of Conduct as soon as reasonably practicable.

12.7.3. During the Term, Distributor shall comply, in all material respects, with the Business Conduct Guidelines of Siemens and all other Siemens internal regulations and guidelines.

12.8. Quality Assurance Agreement. During the Term and in connection with its performance of its duties under this Agreement, Accuray shall comply, in all material respects, with Siemens' Quality Assurance Agreement attached hereto as Exhibit C, with the exception of any provisions thereof related to barcoding.

12.9. Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, (b) if by facsimile, upon written or electronic confirmation of receipt (if sent during business hours of the recipient, otherwise on the next business day following such confirmation), (c) on the first business day following the date of dispatch if delivered utilizing a next-day service by a recognized next-day courier, (d) on the earlier of confirmed receipt or the fifth business day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notice hereunder shall be delivered to the addresses set forth below:

To Accuray:	To Distributor:
Accuray Incorporated	Siemens AG
Attention: Chief Financial Officer	Henkestr. 127
1310 Chesapeake Terrace	91054 Erlangen
Sunnyvale, CA 94089	Germany
Facsimile: +1 (408) 789-4205	Attn: Healthcare General Counsel, Ritva Sotamaa
with cc to: General Counsel	Facsimile: + 49/931 - 84 - 8807

12.10. Waiver. The waiver of any breach or default of any provision of this Agreement will not constitute a waiver of any other right hereunder or of any subsequent breach or default.

12.11. Severability. If any provision of this Agreement is held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions of the Agreement will remain in full force and effect, and the provision affected will be construed so as to be enforceable to the maximum extent permissible by law.

12.12. Survival. The expiration or termination of this Agreement for any reason will not release either party from any liabilities or obligations set forth herein which (i) the parties have expressly agreed will survive any such expiration or termination; or (ii) remain to be performed or by their nature would be intended to be applicable following any such termination or expiration. In addition to the foregoing, the following provisions shall survive any termination or expiration of this Agreement: Section 3.8 (Warranty); Section 3.11 (Compliance with Laws); Section 4.6 (Warranty); Section 6.2 (Effect of Termination); Section 6.3 (No Termination Compensation); Section 6.4 (Accruals); Section 7 (Dispute Resolution); Section 8 (Confidentiality); Section 9 (Intellectual Property Rights); Section 10 (Indemnities), Section 11 (Liability) and Section 12 (Miscellaneous Provisions).

12.13. Force Majeure. Neither party will be responsible for any failure or delay in its performance under this Agreement (except for the payment of money) due to causes beyond its reasonable control, including, but not limited to, labor disputes, strikes, lockouts, shortages of or inability to obtain labor, energy, raw materials or supplies, war, acts of terror, riot, acts of God or governmental action.

12.14. Amendments. Any amendment or modification of this Agreement must be made in writing and signed by duly authorized representatives of each party. For Accuray, a duly authorized representative must be any of the following: CEO, CFO, General Counsel or Associate General Counsel.

12.15. English Language Requirement. This Agreement is written in the English language as spoken and interpreted in the United States of America, and such language and interpretation shall be controlling in all respects.

12.16. Foreign Currency. Distributor acknowledges and agrees that it shall assume all risk associated with any fluctuation of foreign currency exchange rates associated with its pricing of Products and Services to Customers in a currency other than US Dollars. All payments made by Distributor to Accuray shall be in US Dollars.

12.17. Entire Agreement. This Agreement and the Strategic Alliance Agreement contain the entire agreement of the parties hereto with respect to the subject matter hereof, and supersedes all prior understandings, representations and warranties, written and oral. If any part of the terms and conditions stated herein are held void or unenforceable, such part will be treated

as severable, leaving valid the remainder of the terms and conditions. In case of any contradiction between this Agreement and the Strategic Alliance Agreement, the terms of this Agreement shall prevail.

12.18. Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the Effective Date by their duly authorized representatives. The parties acknowledge and agree that this Agreement does not become effective until it has been signed by all parties indicated below.

DISTRIBUTOR:		**ACCURAY INCORPORATED:**	
By:	/s/ Christian Klaussner	By:	/s/ Euan Thompson
Print name:	Christian Klaussner	Print name:	Euan Thomson
Title:	HIM OCS CFO	Title:	President and Chief Executive Officer
Date:	June 8, 2010	Date:	June 7, 2010
By:	/s/ Holger Schmidt	By:	/s/ Darren Milliken
Print name:	Holger Schmidt	Print name:	Darren Milliken
Title:	HIM OCS CEO	Title:	Senior Vice President and General Counsel
Date:	June 8, 2010	Date:	June 7, 2010

SIGNATURE PAGE TO MULTIPLE LINAC AND MULTI-MODALITY DISTRIBUTOR AGREEMENT

SCHEDULE 2.3.2

ACCEPTANCE PROCESS

- Accuray shall have 5 Business Days from date of the submission of a proposed Multiple LINAC Purchase or Multi-Modality Purchases by Siemens in which to either give or withhold approval of such purchase, with any failure to approve or disapprove of such purchase in such period constituting disapproval;
- Such approval may be given by either Accuray's applicable General Regional Manager or a corporate representative of Accuray, expressly designated with such approval authority in writing by Accuray to Siemens;
- Siemens' shall provide any information concerning such proposed purchase and the proposed purchaser as is reasonably requested by Accuray;
- Such approval of any such proposed purchase must not be unreasonably withheld or delayed;
- In determining whether to grant such approval, Accuray may consider, at a minimum:
    - Existing exclusivity arrangements between Accuray and Third Parties;
    - Prior and current contact with the proposed purchaser by either Party;
    - Other commercial relationships that either Party may have with the proposed purchaser;
    - Bona fide concerns about the suitability of the proposed purchaser; and
    - Whether Accuray or any of its distributors have obtained any required regulatory clearances and/or import licenses required in connection with the proposed purchase.

EXHIBIT A

DISTRIBUTOR DISCOUNTS ON PRODUCTS AND SERVICES

Discount Type	List Price Range USD	Volume Discount	Distributor Discount*
Volume Discounts - Tier # 1	{*****}	{*****}	{*****}
Volume Discounts - Tier # 2	{*****}	{*****}	{*****}
Volume Discounts - Tier # 3	{*****}	{*****}	{*****}
Volume Discounts - Tier # 4	{*****}	{*****}	{*****}
Volume Discounts - Tier # 5	{*****}	{*****}	{*****}
Volume Discounts - Tier # 6	{*****}	{*****}	{*****}
Volume Discounts - Tier # 7	{*****}	{*****}	{*****}
Volume Discounts - Tier # 8	{*****}	{*****}	{*****}
Volume Discounts - Tier # 9	{*****}	{*****}	{*****}
Volume Discounts - Tier # 10	{*****}	{*****}	{*****}
Volume Discounts - Tier # 11	{*****}	{*****}	{*****}
Volume Discounts - Tier # 12	{*****}	{*****}	{*****}

* Siemens distributor channel discount.

Siemens Bundled Sales Price= (List Price (1- (Volume Discount + Distributor Discount))

EXHIBIT B

SIEMENS CODE OF CONDUCT

SIEMENS

Code of Conduct for Siemens Suppliers

This Code of Conduct defines the basic requirements placed on Siemens' suppliers of goods and services concerning their responsibilities towards their stakeholders and the environment. Siemens reserves the right to reasonably change the requirements of this Code of Conduct due to changes of the Siemens Compliance Program. In such event Siemens expects the supplier to accept such reasonable changes.

The supplier declares herewith:

- **Legal compliance**
  - to comply with the laws of the applicable legal system(s).
- **Prohibition of corruption and bribery**
  - to tolerate no form of and not to engage in any form of corruption or bribery, including any payment or other form of benefit conferred on any government official for the purpose of influencing decision making in violation of law.
- **Respect for the basic human rights of employees**
  - to promote equal opportunities for and treatment of its employees irrespective of skin color, race, nationality, social background, disabilities, sexual orientation, political or religious conviction, sex or age;
  - to respect the personal dignity, privacy and rights of each individual;
  - to refuse to employ or make anyone work against his will;
  - to refuse to tolerate any unacceptable treatment of employees, such as mental cruelty, sexual harassment or discrimination;
  - to prohibit behavior including gestures, language and physical contact, that is sexual, coercive, threatening, abusive or exploitative;
  - to provide fair remuneration and to guarantee the applicable national statutory minimum wage;
  - to comply with the maximum number of working hours laid down in the applicable laws;
  - to recognize, as far as legally possible, the right of free association of employees and to neither favor nor discriminate against members of employee organizations or trade unions.

- **Prohibition of child labor**

  - to employ no workers under the age of 15 or, in those countries subject to the developing country exception of the ILO Convention 138, to employ no workers under the age of 14.

- **Health and safety of employees**

  - to take responsibility for the health and safety of its employees;
  - to control hazards and take the best reasonably possible precautionary measures against accidents and occupational diseases;
  - to provide training and ensure that employees are educated in health and safety issues;
  - to set up or use a reasonable occupational health & safety management system(1).

- **Environmental protection**

  - to act in accordance with the applicable statutory and international standards regarding environmental protection;
  - to minimize environmental pollution and make continuous improvements in environmental protection;
  - to set up or use a reasonable environmental management system(1).

- **Supply chain**

  - to use reasonable efforts to promote among its suppliers compliance with this Code of Conduct;
  - to comply with the principles of non discrimination with regard to supplier selection and treatment.

(1) For further information see www.siemens.com/procurement/cr/code-of-conduct

EXHIBIT C

SIEMENS QUALITY ASSURANCE AGREEMENT

Please see attached.

SIEMENS

For internal use only

Quality Requirement Med

Identification of Products and basic requirements for packaging Requirements for Suppliers

QR Med 1 A1

Siemens Medical Solutions and affiliated Companies

Issued by Med Quality Management & Regulatory Affairs

Released 2007-09-28 by the Med Quality Steering Board (QSB)
Valid from 2007-11-01

04798372 AND 02S 04

Contents

Author:
Gabriele Franz AX QP

Reviewer:
Volker Glahn QM&RA
Philippe Hoxter CSQ

1 Purpose and scope

For Siemens Medical Solutions it is a basic requirement that any part, component or system is identified the same way worldwide. This document lists the minimum requirements for suppliers of Siemens Medical Solutions describing

- how parts, components and systems are identified with their attributes and
- how attributes are labeled both as plain text as well as barcode on products and its packaging.

Detailed specifications with regards to the labeling of products are defined for the individual product concerned.

2 Definitions and abbreviations

2.1 Material No.

The Siemens Medical Solutions Material No. is used to uniquely identify products (parts, components and systems). It consists of an 8-digit identification no. assigned by Siemens Medical Solutions.

Previously, the term ‘‘Part no.” was also used; it is replaced by the term “Material No.”.

2.2 Revision

The Revision (abbreviated ‘‘Rev.”) serves to distinguish between different update statuses of hardware. It is assigned by Siemens Medical Solutions.

The English term “Revision” replaces the German term “Erzeugnisstand” (abbreviated “ES”) and “Ausführungsstand” (abbreviated “AS”).

2.3 Serial No.

The Serial No. is an identifying attribute used to uniquely identify hardware or software with the same Material No. .

For suppliers the Serial No. can consist of up to 15 alphanumeric digits; it is however recommended to use only a 6 digit numerical Serial No. where possible.

The Serial No. may contain a dash (-) or a slash (/), but no other special characters (e.g. # + * ?). Spaces, lower-case letters or language-specific characters (e.g. Ä, Ö, Ü) are **not** allowed within the Serial No. .

The characters “L”, “S*xx*L” or “S*xx*” at the end or the beginning of the Serial No. should be avoided (*xx* = any alphanumerical character).

For any Serial No. that is numeric only (i.e. has no letters) it is allowed to omit printing of leading zeros („0”).

It is recommended to use the Serial No. of the supplier if it complies with the principles described above.

2.4 Data Identifier

Data Identifiers are used **in the barcode** to indicate that the information following the Data Identifier is data of a certain attribute. The Data Identifier **enables the barcode reading program** to recognize that the following information represents a certain type of attribute.

Data Identifiers to be used:

1P	Material No.	2P	Revision (for packaging only)
S	Serial No.	Q	Quantity (for packaging only)
14D	Expiration date (for packaging only)	T	Batch (for packaging only)

2.5 Expiration date

The format of the expiration date shall be definite and specified as follows: YYYYMMDD

2.6 Batch

The batch is an alphanumeric ident number with 10 digits, used to identify parts manufactured or shipped together. Is no batch provided on the packing but required, a batch is initiated in the stock.

2.7 Shelf life

If a shelf life is defined for parts the shelf life has to be filed in calendar days. (365 days per year)

3 Reference documents

n.a.

4 Requirements

4.1 Identification of parts, components and systems

Non-serialized parts (including spare parts) and components are identified using a Material No. . If necessary, different statuses of a part, component or system can be distinguished via the Revision.

Serialized parts, components and systems are identified using the combination of Material No. and Serial No. . In addition, the Revision may be used to distinguish between different statuses of hardware.

4.2 Labeling of parts, components, systems and its packaging

In general, requirements with respect to labeling have to be defined for the product concerned. However, minimum requirements are specified in order to allow proper identification throughout all processes involved. This chapter lists those minimum requirements.

For all material numbers specified by Siemens the parts and its packaging have to be labeled according to the requirements listed below. The label depends on whether a part/component/system

- is serialized
- contains a revision level
- is classified as an IVK (“Installed Volume Component”)
- shall be handled by expiration date or batch

Siemens defines those requirements per individual Material No. .

Color	Usually white label with black printing other colors are allowed as long as barcode/plain text can be read
Barcode content	1P <Material No. > S <Serial No.>
Additionally for packaging only	2P <product Revision> Q <quantity of products in this packaging (numeric only), usually 1>
	It is not allowed to label Revision and Quantity on product identification labels!
	e.g.: **1P**01234567 as barcode *) (1P) Model No. 01234567 **S**1001 as barcode *) (S) Serial No. 1001
	Each symbol structure with start and stop character including Data Identifier (e.g. "**1P**" or "**S**"), but without symbol check character.
	No space allowed between Data Identifier and attribute.
	It is **not** allowed to print any other information in the barcode fields described above.
Barcode type	Code 39 according to ISO/IEC 16388
Narrow element (bar or space)	Min. 0,17 mm
Ratio of wide element to narrow element	Min. 2,25 : 1
Barcode height	Min. 2 mm, typical 4mm
Plain text (below barcode)	(1P) Model No.: <Material No.> (S) Serial No.: <Serial No.>
Additionally for packaging only	(2P) Revision: <product Revision> (Q) Quantity: <quantity of products in this packaging (numeric only), usually 1>
	It is not allowed to label Revision and Quantity on product identification labels!
	Data Identifier (e.g. "1P" or "S") in brackets in front of data element title (e.g. "Model No." or "Serial No.") in plain text!
	e.g.: (1P) Model No.: 01234567 *) (1p) Model No. 01234567 (S) Serial No.: 1001 *) (S) Serial No. 1001
	Note: Due to 21CFR1020.30 section e) the term "Model No." shall be used instead of the term "Material No." in plain text on all labels.
	It is **not** allowed to print any other information near the data fields described above. If any other information is printed, it must be printed in a manner so that it can't be misinterpreted as being part of the fields described above; this can be done by printing other information at the very right side of the label.
Additionally for products only	For IVKs or System IVKs, the text "IVK" or "SYSTEM IVK" shall be printed on the very right side of the label. It has to be ensured that this text can't be misinterpreted as being part of the Serial No. ; this can be done by printing this text on a different level. [Siemens Medical Solutions decides and specifies whether a product is an IVK or System IVK.]

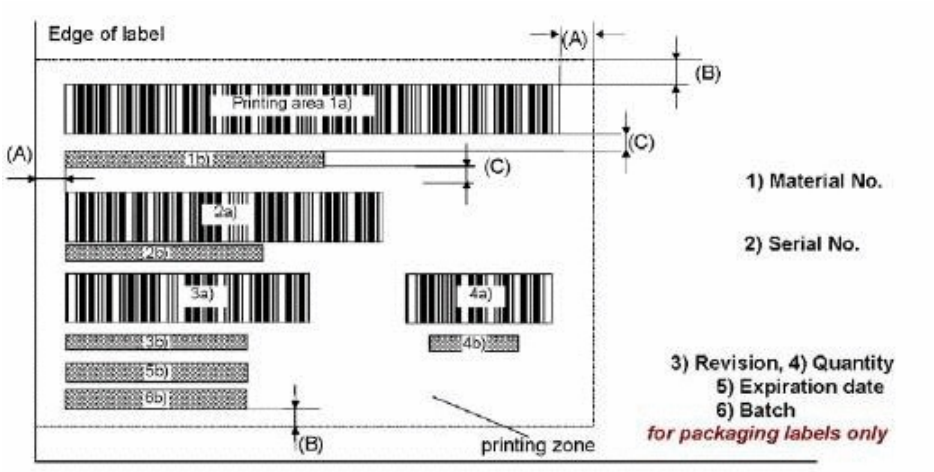
Additionally for packing only	The Expiration date of parts with Shelf life is fixed below the quantity as following: Expiration date: <date of expiration> YYYYMMDD For parts which require a Batch, the batch is fixed below the Expiration date as following: AAAAAAAAAA *For a transition period the batch can also be fixed above the material number*
Font	Universe, if not possible use similar font (e.g. Helvetica)

**) In case of limited space, it is possible to print the bar code next to (and not under) the clear text.*

4.3 Spacing

Minimum distances are

(A)	Horizontal distance from edge (quiet zone)	≥5 mm
(B)	Vertical distance from edge	≥2 mm
(C)	Vertical distance between printing areas	≥1 mm



Legend: a) printing area for barcode

b) printing area for plain text

5) Expiration date and 6) Batch can be printed in barcode additionally.
For a transition period the batch can also be fixed above the material number

5 Basic requirements for packaging

Especially for spare parts appropriate packaging are required for the global shipping process. Should those packaging contain wood, generally “non wood-packaging” according IPPC (International Plant Protection Convention) shall be used, but fumigation of such packaging is not allowed.

Packaging shall be designed in a suitable way to protect the packed good against transportation load according to IEC 60721-3-2 class’s 2M2/2K4

International pictograms following the IEC 60601 series shall be used for parts which fall under specific restrictions for transport or storage.

The specification of packaging especially for spare parts is within the responsibility of the Business Unit responsible for the product.

6 Literature

ISO/IEC 16388 “Information technology – Automatic identification and data capture techniques – Bar code symbology specifications – Code 39”.

IEC 60721-3-2 Classification of environmental conditions – Part 3: Classification of groups of environmental parameters and their severities – Section 2: Transportation

7 Transition and retrospective measures

n.a.

8 Changes to prior version

CR-No.: 2007-005
Changes to previous edition 04798372 AND 02S 03:

- Chapter 2: Reference document IEC 60721-3-2 added
- Chapter 5: Design of packaging changed

CR-No. 2006-008 (CR N06/0207)
Changes to previous edition 04798372 AND 02S 02:

- Title: Added: and basic requirements for packaging
- Chapter 3.4 Data Identifier for Expiration Date and Batch added
- Chapter 3.5 – 3.7: Completely new
- Chapter 4.2 Added: Expiration date and batch
- Chapter 4.3. Added: labeling of Expiration Date and Batch,
- Chapter 5: Completely new

CR-No. 2006-01, 2006-02
Changes to previous edition 4798372 AND 02S 01:

- Chapter 2, 4.2 : EN 800 replaced by ISO/IEC 16388
- Chapter 4.2 : general requirements at the beginning stated more clearly, footnote added

9 Attachments

n.a.

EXHIBIT D

Form Distribution Agreement

See attached.

Initials: Distributor _____
Accuray _____

ACCURAY INCORPORATED
INTERNATIONAL DISTRIBUTOR AGREEMENT

This International Distributor Agreement ("Agreement") is entered into by and between ACCURAY INCORPORATED, a Delaware corporation with its executive offices located at 1310 Chesapeake Terrace, Sunnyvale, California 94089, USA ("Accuray"), and a corporation organized under the laws of , with its registered offices located at ("Distributor"), as of ("Effective Date").

Accuray manufactures and sells full-body radiosurgery systems using image-guided robotics, including the CyberKnife® Robotic Radiosurgery System, which is FDA cleared in the United States to provide treatment planning and image-guided stereotactic radiosurgery and precision radiotherapy for lesions, tumors and conditions anywhere in the body where radiation treatment is indicated.

In order to achieve its business objectives, Accuray relies on qualified distributors to market and distribute its products and services in different territories.

Accuray wishes to appoint Distributor as its [non-exclusive Distributor][sole Distributor] in the Territory, as defined below, subject to the terms and conditions of this Agreement, and Distributor wishes to accept such appointment.

1. **DEFINITIONS**

1.1. "Customer" means any person or business entity lawfully doing business in the Territory with whom Distributor enters into an agreement for Products or Services, including an "investment project" whereby Distributor enters into a partnership with Customer. Customer does not include sites or hospitals located on United States armed forces bases in the Territory.

1.2. "Product(s)" means the System and/or related products manufactured by or for Accuray for use in the radiosurgery market, which have been approved for sale in the Territory.

1.3. "Quote" means the quote provided by Accuray to Distributor that will serve as the basis for the Product configuration, Services, pricing and delivery schedule offered to individual Customers by Distributor.

1.4. Service(s) means the performance of radiosurgery-related service(s) by either Accuray or Distributor, which may include technical support, training or installation of Products.

1.5. Service Agreements means the Accuray Elite Service Agreement or such other service programs and agreements as may be released or modified by Accuray from time to time.

1.6. Spare Parts means replacement or additional parts or Products used in connection with the System.

1.7. Specification(s) means the current written description of a Product or Service prepared by Accuray and provided to Distributor.

1.8. "System(s)" means the Accuray CyberKnife® Robotic Radiosurgery System or CyberKnife® VSI™ System, as applicable.

1.9. "Territory" means the geographic region as set forth in Exhibit A.

2. **DISTRIBUTORSHIP**

2.1. Appointment. Accuray hereby appoints Distributor as the [non-exclusive Distributor][sole Distributor] of Products and Services to Customers in the Territory, not to the exclusion of [others][Accuray itself], subject to the terms and conditions of this Agreement. So long as Distributor achieves the volume of business set forth in Exhibit B and otherwise meets its obligations under this Agreement, Distributor shall be [a distributor][the sole Distributor] of Products and Services to Customers in the Territory.

2.2. Pricing. Pricing of Products and Services to Distributor shall be based upon Accuray's then current price lists for such Products and Services. The current price list for Products and Services effective as of the Effective Date will be provided to Distributor contemporaneously with the delivery of this fully executed Agreement to Distributor. Such price lists will be subject to change from time to time, and Distributor shall contact Accuray for current pricing. Accuray shall use commercially reasonable efforts to provide Distributor with updated pricing on a regular basis, provided that pricing included in a Quote delivered by Accuray to Distributor shall reflect Accuray's current up-to-date pricing unless otherwise agreed. Updated price lists shall not apply to valid Quotes issued by Accuray and subject to acceptance by Distributor prior to the effective date of such updated price lists.

2.3. Quote and Purchase Process. Distributor acknowledges and agrees that Accuray will determine the appropriate quote and purchasing process to be observed by the parties under this Agreement and may amend this process as notified to the Distributor reasonably in advance. Distributor will comply with the following process for making sales of Products and Services in the Territory:

2.3.1. Opportunity. Once Distributor has identified a Customer opportunity in the Territory, it shall request a quote from Accuray based on the Product configuration and Services requested by the Customer.

2.3.2. Quote. Following receipt of Distributor's quote request, Accuray will issue a quote to Distributor based on the Product configuration and Services requested by the Customer, including pricing for such Products and Services as provided in Section 2.2 above ("Quote"). The Quote issued by Accuray in relation to a Customer opportunity shall serve as the basis of any offer made by Distributor to that Customer, and Distributor shall submit an amended quote request to Accuray in the event adjustments to a Quote are requested by the Customer. Following receipt of an amended quote request from Distributor, to the extent Accuray can accommodate the requested amendments, as determined by Accuray in its sole discretion, Accuray will issue an amended Quote to Distributor.

2.3.3. Purchase. To purchase Products or Services based on a Customer Quote provided by Accuray, Distributor will execute the Quote provided by Accuray in respect of such Products and Services and thereby accept the agreed Product configuration, Service options, pricing and other agreements reflected in the Quote, and the Quote shall form

the basis of the purchase by the Distributor as provided under this Agreement. Distributor shall ensure that, to the extent it issues purchase orders in accordance with its own internal process, any purchase orders issued to Accuray shall include a reference to the associated Quote number. To the extent of any inconsistency between a Quote and a Distributor purchase order, the terms and conditions of the Quote shall govern and Distributor acknowledges and agrees that Accuray shall not be bound by any terms, conditions or boilerplate language included in a Distributor purchase order submitted to Accuray.

3. **DUTIES OF DISTRIBUTOR**

3.1. Independent Distributor. Distributor shall be and must at all times make it clear that it is an independent entity contracting with Accuray, and is not the employee, representative or agent of Accuray. Distributor does not have the ability or authority to enter into any legal agreements or obligations that would bind Accuray in any manner. Distributor represents that it is involved in other businesses not competitive with its activities and obligations under this Agreement but of sufficient volume and profitability that Distributor is in no way dependent upon this Agreement or its relationship with Accuray for its continuing viability or success. Distributor will inform Accuray of any business that it is pursuing that is potentially competitive with Accuray Products and Services, including business in the same treatment area, using vaults, or using the same sales and marketing personnel, and will obtain prior written approval from Accuray prior to entering into such business.

3.2. Market Knowledge, Promotion and Sales. Distributor represents that it has a thorough knowledge of the Territory, the market for radiosurgery products and of all current and potential Customers. Distributor will develop a thorough and complete understanding of the Products and Services. Distributor will use its knowledge and understanding to identify and cultivate potential Customers.

3.2.1. Public Relations. Distributor will implement a public relations program once a CyberKnife is operational in the Territory and coordinate with Customers to support the public relations efforts of CyberKnife System centers established in the Territory.

3.2.2. Market Knowledge. Distributor agrees to use all best efforts to introduce, promote the sale of, and obtain orders for the Products and Services in the Territory. Moreover, Distributor represents and warrants that on the date hereof and during the Term of this Agreement it (i) possesses all knowledge, experience, skills, and ability required to properly fulfill its obligations under this Agreement; and (ii) has the required facilities, manpower, capacity, financial strength, and knowledge to market and distribute Accuray's Products and Services in the Territory.

3.2.3. Promotional Events. Distributor sales and marketing staff will, at Distributor's expense, actively participate in the following yearly activities as requested by Accuray: American Society of Therapeutic Radiology & Oncology (ASTRO) or European Society of Therapeutic Radiology and Oncology (ESTRO) (if applicable); Accuray worldwide users' meeting; and Accuray worldwide sales meetings.

3.2.3.1. Annual Symposium. Distributor shall organize an annual symposium in the Territory as part of its program to educate customers regarding the Products and Services. Accuray will support Distributor's annual symposium by providing one international speaker knowledgeable about the Products.

3.2.3.2. Local and Regional Events. Distributor shall also actively participate in any significant or premier local or regional meetings, tradeshows, symposia and similar events dedicated to radiation oncology, neurosurgical or stereotactic body radio therapy (SBRT) and stereotactic radiosurgery (SRS). Active participation includes attendance at and participation in such meetings, which shall include at a minimum dedicating reasonable personnel, resources and promotional materials to man a distributor booth or similar platform.

3.2.4. Promotional Materials. Distributor shall use commercially reasonable efforts to follow Accuray's guidelines for preparation of promotional materials regarding the Products and Services, including, without limitation, "look and feel" style guides and trademark protections. Accuray will provide Distributor with form templates that Distributor may use as a basis for modeling its own promotional materials; provided that Distributor is responsible for creating and distributing Product and Service promotional materials within the Territory. Upon request, Accuray may review promotional materials prepared by Distributor to ensure they are consistent with Accuray marketing guidelines.

3.2.5. Distributor Website. Distributor shall create, maintain and keep current a webpage dedicated exclusively to the Products and Services that can be accessed from Distributor's primary website.

3.2.6. Non-Territory Sales. Distributor will report to Accuray any proposed or pending sales or potential Customers outside the Territory about which Distributor learns during the Term of this Agreement.

3.3. Distributor Personnel.

3.3.1. During the Term of this Agreement, Distributor agrees to use commercially reasonable efforts to employ qualified sales and technical personnel familiar with the Products and Services to perform the marketing, sales and service requirements as set forth herein. Moreover, Distributor represents and warrants that on the date hereof and during the Term of this Agreement it possesses and will continue to possess all personnel, resources, facilities and ability required to properly fulfill its obligations under this Agreement, including all sales, management, training and service requirements .

3.3.2. During the Term of this Agreement, to the extent reasonably required by Accuray or as necessary for Customer interactions, Distributor undertakes to retain on-staff personnel with English language competency and translation skills in order to ensure prompt and reliable communication between the parties and to fulfill its obligations hereunder; such personnel shall include at a minimum an administrative assistant and marketing representative or equivalent positions.

3.4. Distributor Training. Distributor shall attend training at Accuray's designated training facility as necessary to comply with the then current requirements of Accuray's "Distributor Qualification Protocol for Distributor Competency" as updated by Accuray from time to time, and shall keep its staff adequately trained in order to provide a high level of customer support, including training required in response to staff turnover and expanded Product configurations or additional Product upgrades offered by Distributor in the Territory.

3.5. Regulatory Clearance. Distributor will fully cooperate with Accuray and will bear all expenses and manage all paperwork in connection with obtaining any approvals, permits and licenses required under any applicable law in order to sell, market and distribute the Products and Services in the Territory, including any upgrades to or expanded usage of the Products. Accuray will provide all documents reasonably required by the Distributor to file the application forms and shall assist in filling such application forms for said approval, permit or license, with the assistance and full cooperation of Distributor. Accuray will be registered as the sole owner of any rights, title and interest to any of the Products or Spare Parts, as the case may be, provided, however, that should any applicable law or regulation require that Distributor alone be entitled to such ownership rights, Distributor shall hold this approval as trustee for Accuray and hereby consents to transfer or sublicense such approval to Accuray free of charge or to support Accuray in its efforts to re-obtain the approval for the benefit of Accuray or a third party named by Accuray upon expiration or termination of this Agreement.

3.6. Import License. Distributor will obtain and maintain the required import license, and shall serve as importer of record for all Products and Services delivered in or into the Territory.

3.7. Offers. Distributor shall inform Accuray of all potential Customers in the Territory during the Term of this Agreement. Distributor shall offer such potential Customers only those Products or Services described in then current price lists, and only in accordance with the applicable Customer Quote and this Agreement. Unless Distributor has prior written consent from Accuray to the contrary and subject to the price protection for existing Customer Quotes as provided in Section 2.2 above, all offers submitted by Distributor to a potential Customer are (and Distributor must inform the Customer that they are) subject to change in the event Accuray's standard international transaction terms and conditions of sale, Product configuration offerings or Specifications change prior to the time Distributor accepts an order from the Customer.

3.8. Purchase Schedule. For each sale completed by Distributor, the resulting contract for the sale of Products and Services shall be between Distributor and the Customer. For each such sale, Distributor must send an executed Quote to Accuray at least six (6) months prior to the expected shipment date. All Products and Services must be purchased from Accuray unless otherwise specified in this Agreement or agreed in writing by Accuray.

3.9. Volume of Business. Accuray and Distributor have reviewed and discussed the Territory in detail and have agreed that Distributor will purchase and pay for a minimum volume of Systems as set forth in Exhibit B attached to this Agreement. Any sales made by Accuray to Customers in the Territory shall count towards the minimum volumes for Distributor. Notwithstanding Section 6.3 below, if Distributor does not make the minimum purchases set forth in Exhibit B, or does not pay timely (within sixty (60) days of the due date) for those purchases, Accuray

may, at its sole determination and in its sole and complete discretion, elect to make this distribution arrangement immediately non-exclusive or immediately terminate this Agreement.

3.10. Forecast. In order to support Accuray's production planning, at least every three (3) months during the Term of this Agreement, Distributor will provide Accuray a twelve (12) month rolling forecast of: (i) targeted Customers, (ii) contracted Customers, and (iii) forecast of Product sales by product line. The forecast will include an update on the status of the top ten (10) projects as identified by Distributor. Such forecasts shall be provided to Accuray by the first business day of January, April, July and September each year, and shall be delivered to the Accuray Sales Manager for the Territory as well as the General Manager for the applicable region. Such forecasts are in addition to the reports to be provided in accordance with Section 3.22.1 (Reports) below.

3.11. Customer Training. Distributor will support Accuray's training of new Customer personnel, and will send new Customer users for training at Accuray's facility in Sunnyvale, California or such other facility designated by Accuray as reasonably required by Accuray in accordance with its then current training requirements. Distributor shall be responsible for providing appropriate interpretation and translation services necessary to ensure Customer personnel can participate in a meaningful and effective way in the training courses provided by Accuray.

3.12. Customer Support. Distributor will provide guidance to billing and reimbursement personnel of each Customer regarding regulatory and billing requirements and reimbursement for treatment provided with Products under radiosurgery reimbursement codes applicable within the Territory. Distributor will be responsible for ensuring that its personnel maintain their proficiency with respect to the Products and all upgrades, enhancements and new feature releases, and will send its personnel to Accuray for training as necessary.

3.13. Customer Relations. Distributor shall report promptly and in writing to Accuray any complaints or expressions of dissatisfaction by the Customers relating to the Products or Services. While Distributor shall have no authority to offer on behalf of Accuray anything in settlement of any such complaints or expressions, Distributor shall use all best efforts to satisfy the Customer that the Products and Services meet the applicable written Specifications, offer, and Quote, if such is the case.

3.14. Installation. Distributor shall be responsible for installation of Accuray Products at Customer sites in the Territory unless a Quote specifically states that Accuray is responsible for such installation. If Distributor cannot perform the installation, Distributor may engage Accuray or other approved organizations with Accuray-trained personnel to provide installation services, which shall be ordered separately at Distributor's expense and priced according to Accuray's or such third party's then current price lists for installation services, as applicable.

3.15. Other Customer Support. Distributor will have primary responsibility for room evaluation, architecture support and quality assurance issues in relation to Customer installation sites.

3.16. Warranty. Distributor will be responsible for providing a one (1) year warranty (for parts and service) for each Product a Customer purchases, for the purposes of which Distributor may pass through to a Customer the warranty provided by Accuray pursuant to Section 4.5. Distributor

will not make any other warranties or representations in Accuray's name or on Accuray's behalf unless approved in advance in writing by Accuray.

3.17. Service Agreements. Distributor will make commercially reasonable efforts to sell a Service Agreement to each Customer.

3.18. Upgrades. Any Product upgrades released by Accuray can be purchased at the discretion of the Distributor. Such upgrades will be available at the prices listed in the then current price list as of the date of the Quote (unless prior written approval by Accuray for application of an earlier price list is obtained) for the upgrade, less any applicable discounts as specified in Exhibit C hereto. Any parts or components that are removed from a System in connection with a Product upgrade will be returned to Accuray by Distributor at Distributor's cost and expense.

3.19. First Line Field Service Training. Distributor will provide to all Customers, remotely and on-site when needed, routine maintenance and service and timely response to special requests for service of all installed Products in the Territory. Distributor shall ensure that its field service engineers and other service personnel receive periodic training at an Accuray training facility as required pursuant to Section 3.4. Accuray will cover the cost of the training courses and materials necessary to train a maximum of five (5) Distributor field service personnel for five (5) training days each, up to a maximum of twenty five (25) total training days for each year during the Term (" Field Service Training"). All twenty five (25) Field Service Training days allotted for each year of the Term must be used by Distributor within the applicable year; any additional field service personnel that Distributor is required to train and any additional training days requested by Distributor will be provided by Accuray at Distributor's cost. All such training will be provided to the Distributor's field service personnel in English only. Distributor shall be responsible for all other costs and expenses, including travel and lodging, incurred by it or its personnel to attend such training. In addition, Distributor shall be responsible for providing appropriate interpretation and translation services necessary to ensure its personnel can participate in a meaningful and effective way in the training courses provided by Accuray.

3.20. Spare Parts Inventory. Once a System is installed in the Territory, Distributor shall maintain at all times during the Term of this Agreement and any extension thereof an inventory of Spare Parts to meet its commitments under this Agreement and all Customer obligations. Distributor is willing to ship Spare Parts to locations outside the Territory as requested by Accuray, and Accuray will reimburse Distributor for the direct cost of such activity.

3.20.1. Urgent Non-Inventory Spare Parts. In the event that Spare Parts are urgently required by a Customer and are not available in the inventory of Spare Parts maintained by Distributor as required in Section 3.20 above ("Urgent Non-Inventory Parts"), Accuray will provide such Urgent Non-Inventory Parts to Distributor as soon as reasonably practicable subject to the requirements of Section 3.20.2 below.

3.20.2. Defective and Unused Spare Parts. In the event that Spare Parts, including Urgent Non-Inventory Parts, do not comply with the warranty provided in Section 4.5 below (" Defective Parts") or Distributor does not use Urgent Non-Inventory Parts provided by Accuray for Customer System repairs or service (" Unused Parts"), Distributor shall return such Defective and Unused Parts to Accuray in accordance with the following:

(i) Returns at Distributor's Cost. Distributor shall return Defective and Unused Parts to Accuray at Distributor's cost, including without limitation all shipping charges and any applicable taxes.

(ii) Return Location. Distributor shall return Defective and Unused Parts to the Accuray entity that served as the shipping origin location for the applicable part. For example, parts received by Distributor from Accuray located in Sunnyvale, California will be returned to Accuray at that location, while parts received by Distributor from Accuray Europe SAS in Paris, France, will be returned to Accuray Europe SAS at that location.

(iii) RMA Numbers. Distributor shall contact Accuray in advance for Return Material Authorization (" RMA") number information for all returns of Defective Parts. Accuray must receive the Defective Part prior to providing a replacement Spare Part to Distributor. Defective Parts returned to Accuray (or an affiliate location) without appropriate RMA number references will be billed to Distributor at Accuray's standard list price.

(iv) Timeliness of Returns. Defective or Unused Parts not returned by Distributor to Accuray (or an affiliate location) within thirty (30) days following the original shipment of such part by Accuray will be invoiced to Distributor at Accuray's standard list price.

3.21. Records and Reports.

3.21.1. Reports. Within thirty (30) days after the end of each quarter, Distributor will provide Accuray with a written report that includes:

(i) Distributor's sales and shipments of each Product for that quarter, by dollar volume and number of units, both in the aggregate and for such categories as Accuray may designate from time to time;

(ii) service reports detailing all uptime and parts warranty issues for Customers in the Territory;

(iii) System utilization reports for Customers in the Territory;

(iv) details of Distributor's marketing activity in the Territory, including events hosted and attended by Distributor and Customer communications prepared by Distributor, for the previous quarter as well as public relations plans for the next quarter; and

(v) any other information requested by Accuray.

Distributor's report will comply in form and substance with Accuray's standard form of Field Service Report and reporting requirements, as they are determined by Accuray and communicated to Distributor in writing from time to time.

3.21.2. Notification. Distributor will promptly notify Accuray in writing of any: (i) claim or proceeding involving the Products; or (ii) claimed or suspected Product defects.

3.21.3. Records. During the term of this Agreement and for a period of three (3) years after any termination or expiration hereof, Distributor will maintain complete and accurate books, records and accounts relating to the distribution of the Products and the provision of Services, and will permit Accuray's authorized representatives to examine them on reasonable prior notice.

3.22. Compliance with Laws.

3.22.1. Within the Territory. Distributor has and will have during the Term of this Agreement and any extension thereof the ability to distribute, market and sell the Products and Services in accordance with the terms of this Agreement, in full compliance with all governmental, regulatory and other requirements under any applicable law. Furthermore, Distributor agrees to comply with all export controls imposed on the Products and Services by any country or organization of nations within whose jurisdiction Distributor operates or does business and with all applicable international, national, regional and local laws, including all relevant commodity control laws and regulations of the Territory in performing its duties hereunder in any transactions involving the Products or Services. Distributor will notify Accuray of any impending changes to Territory laws or regulatory requirements that pertain to, and may necessitate modifications to, the Products or Services.

3.22.2. Import Requirements. When Products are being shipped to Distributor, unless the particular Quote provides otherwise, Distributor shall be responsible for all import duties and other import, licensing and immigration formalities which must be complied with in order for the Products to be lawfully imported into the Territory or the Services to be lawfully performed in the Territory.

3.22.3. United States Laws. Distributor understands that, because it is distributing the Products and Services of Accuray, a company subject to the laws of the United States of America, Distributor must, when carrying out its duties under this Agreement, avoid violations of certain of such laws. These include, but are not necessarily limited to, the following:

3.22.3.1. Restrictive Trade Practices or Boycotts, U.S. Code of Federal Regulations Title 15, Chapter VII, Part 760.

3.22.3.2. Foreign Corrupt Practices Act, U.S. Code Title 15, § 78.

3.22.3.3. Export Controls, imposed by U.S. Executive Order or implementing regulations of the U.S. Departments of Commerce, Defense or Treasury.

3.22.4. No Illegal Activity. Distributor and its sub-distributors (if any) ("Sub-Distributors") shall not engage in any illegal activities. Accuray will not be held responsible for any activities of Distributor or its Sub-Distributor that may be considered to be illegal. For example, Accuray does not support the practice of bribes or under-the-table payments.

Distributor will ensure a like clause is included in each agreement it has with its Sub-Distributors, and monitor activities of its Sub-Distributors in the Territory closely. In the event Accuray deems that the good-will of its Products has been or may potentially be affected by any such illegal activity, then Accuray reserves the right to terminate this Agreement for material breach under Section 6.3 (Termination for Cause), with no further liability to Distributor, or its Sub-Distributor. Accuray assumes no liability for any such practices and Distributor hereby indemnifies and holds Accuray, its officers and assigns, harmless from any loss, damage and liability arising from or in connection with any such activities of Distributor or its Sub-Distributors.

3.23. Translations. Unless otherwise agreed, to the extent required by applicable regulatory requirements, Distributor will translate or localize any product specifications, user manuals and promotional literature Accuray provides to Distributor for use in the Territory. Distributor assumes all liability for and indemnifies and holds Accuray harmless from any and all loss, damage, liability, issues and claims relating to such translations or localization of materials by Distributor. Distributor will use commercially reasonable efforts to ensure that translated or localized materials relating to Products and Services conform to Accuray guidelines on content, messaging and appropriate images as presented in template materials provided to Distributor by Accuray from time to time, and Accuray reserves the right to request review and modification of such translated materials.

3.23.1. Translation Glossary. Distributor agrees to provide cooperation and support to Accuray in the creation and maintenance of a translation glossary to ensure that product specifications, user manuals and promotional literature feature consistent terminology and vocabulary identified with the Products and Services in the Territory.

3.24. Insurance. Distributor shall obtain and keep in full force and effect during the Term of this Agreement (and thereafter until all obligations to all Customers which Accuray has accepted an executed Quote from Distributor have been completed) all insurance required by and in compliance with local laws in the Territory, which shall be equivalent to general and products liability and workers' compensation insurance on an occurrence basis with coverage limits (i) reasonably required for the normal and customary business of a medical device distributor and (ii) sufficient to provide coverage of any claim which may reasonably arise out of the actions or inactions of that party related to this Agreement or the business relationship between the parties. Distributor shall provide to Accuray upon reasonable request from time to time while its obligation under this paragraph is in effect certificates evidencing such insurance, which certificates shall expressly provide that the underlying coverage cannot be cancelled without at least thirty (30) days' written notice to Accuray.

3.25. Competing Products. During the Term of this Agreement, Distributor will not directly or indirectly, whether through affiliates, Sub-Distributors or otherwise, sell, offer for sale, promote the sale of, distribute, advocate or represent in any way products or services which are competitive with the Products or Services.

3.26. Rescheduling. Upon written notice to Accuray, Distributor may request Accuray to defer delivery of a Product for a maximum of ninety (90) days, the delivery date then being so extended. If notice of an extension of a delivery date is received by Accuray less than six (6) weeks before the originally scheduled date of delivery, Distributor shall pay the costs of

insurance and storage incurred by Accuray. In the event of a notice from Distributor requesting a delay of delivery of the Product followed by a subsequent cancellation of the order by Distributor, any cancellation charges due, including costs incurred to insure and store the Product, shall be calculated based upon the earlier of (i) the original delivery date and (ii) the date of the request by Distributor for the first delay.

4. DUTIES OF ACCURAY

4.1. Products and Services.

4.1.1. Accuray is responsible for ensuring that the Products supplied are of good quality as further described below. Accuray will use commercially reasonable efforts to provide to Distributor in a timely manner those Products and Services required to fill fully executed Quotes received from Distributor in accordance with the terms of this Agreement.

4.1.2. Shipment. All shipments shall be EXW Accuray Incorporated, unless otherwise agreed in writing.

4.2. Product and Service Pricing. Accuray will provide its then current U.S. list pricing for its Products and Services to Distributor from time to time during the Term of this Agreement, or upon request from Distributor. All prices will be stated in US Dollars, unless another currency is agreed upon in writing by Accuray.

4.3. Product Specifications and Promotional Literature. Accuray will provide product specifications and promotional literature to Distributor from time to time during the Term of this Agreement. Distributor may use product specifications and promotional literature in Distributor's dealings with Customers. Accuray may introduce changes and upgrades to the Products. Accuray will use commercially reasonable efforts to give

Distributor as much advance notice of upgrades as is feasible.

4.4. Regulatory Clearance. Distributor is responsible for obtaining the regulatory clearance in the Territory for Products in Accuray's name, as detailed in Section 3.5 (Regulatory Clearance), however Accuray will provide Distributor with reasonable assistance in obtaining regulatory clearances.

4.5. Warranty.

4.5.1. Scope of Warranty. Accuray will provide a warranty that the Products will be free from material defects and perform substantially in accordance with the written Specifications provided by Accuray as reflected in the regulatory clearance at the time of sale for a period of one (1) year following Installation of the Products at Customer's facility, but not to exceed eighteen (18) months following shipment of such Products to Distributor ("Warranty Period"). "Installation" of the System shall occur upon completion by Accuray or the entity installing the System, as applicable, of Accuray's acceptance test procedure demonstrating that the System substantially conforms to the Specifications. If Accuray does not perform the Installation, Distributor will notify Accuray in writing within three (3) days following Installation (including any testing procedures

undertaken by Customer or its installation service provider). In no event shall Distributor, Customer or their respective agents use the System (or any portion thereof) for any purpose before Installation thereof without the express written approval of Accuray. Distributor shall indemnify and hold Accuray harmless from any such use. Accuray makes no warranty that the operation of any software will be uninterrupted or error-free. Except as set forth in the preceding sentences, Accuray makes no warranties or representations to Distributor or to any other party regarding any Products or Services provided by Accuray. **TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ACCURAY DISCLAIMS ALL OTHER WARRANTIES AND REPRESENTATIONS, WHETHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND ANY WARRANTIES ARISING OUT OF COURSE OF DEALING OR USAGE OF TRADE.**

4.5.2. Hardware. If Distributor notifies Accuray in writing during the Warranty Period of a defect in a Product that causes the Product to fail to conform to the foregoing warranty, Accuray shall at its option either repair or replace the non-conforming Product or, if in Accuray's opinion such repair or replacement is not commercially reasonable, Accuray shall refund a pro-rated portion of the price paid by Distributor for such Product calculated based on a straight-line depreciation over a 5-year period beginning on the date of delivery. This will be Accuray's sole and exclusive obligation and Distributor's sole and exclusive remedy in relation to defective Products and parts.

4.5.3. Software. During the Warranty Period, Accuray will provide error corrections or "bug fixes" to Distributor, including any applicable error corrections and bug fixes generally provided by Accuray to Accuray customers with Product installations similar to the Customers' installations. This will be Accuray's sole and exclusive obligation and Distributor's sole and exclusive remedy in relation to defective software.

4.5.4. Warranty Exclusions. All warranty replacement of Products and parts shall be limited to malfunctions which are due and traceable to defects in original material or workmanship of Products. The warranties set forth in this Section 4.5 shall be void and of no further effect in the event of abuse, accident, alteration, misuse or neglect of Products, including but not limited to user modification of the operating environment specified by Accuray and user modification of any software.

4.6. Service Agreements. Accuray will provide its then current Service Agreements to Distributor from time to time during the Term of this Agreement, or upon request from Distributor. All prices will be stated in US Dollars, unless another currency is agreed upon in writing by Accuray. Such Service Agreements are to be executed by Distributor on the terms as set forth in those agreements, unless otherwise agreed to in writing by an authorized representative of Accuray.

4.7. Additional Support. Accuray will provide additional service or support in relation to Products or Services at Distributor's request, to be ordered separately, and priced on a time and materials basis according to Accuray's then current price lists.

4.8. Training. If specified in a Quote, Accuray will provide training to Customers as specified therein and in accordance with Accuray's then current training offerings. For the purposes of

such Customer training, Accuray will be responsible for the travel and accommodation expenses of its personnel, while Distributor shall be responsible for the travel and accommodation expenses of Customers and their personnel. All Customer training provided by Accuray will be conducted in English and, to the extent a Customer or its personnel do not have adequate English language reading and comprehension skills, Distributor must provide an interpreter and translation services sufficient to enable the Customer and its personnel to meaningfully and effectively participate in Accuray training courses.

4.9. Compliance with Laws. Accuray will be responsible for complying with applicable U.S. laws, and, as notified by Distributor in writing, with Territory laws as they pertain to the Products, the regulatory clearance, and safety in accordance with Accuray's written Product specifications for intended use. Upon notification by Distributor of any impending changes to Territory laws or regulatory requirements that may necessitate modifications in the Products or Services, Accuray shall respond to such notifications in a timely manner and use commercially reasonable efforts with the cooperation of the Distributor to make necessary efforts to ensure continued compliance.

5. COMPENSATION AND PAYMENT

5.1. Orders. Distributor shall make an offer to a Customer based on the Quote provided by Accuray and subject to the process set forth in Section 2.3 above. Upon acceptance of such offer by the Customer, Distributor shall submit an executed version of the appropriate Quote to Accuray. Quotes executed by Distributor and submitted to Accuray shall not be deemed accepted until confirmed in writing by Accuray.

5.2. Purchase Price.

5.2.1. Distributor shall pay the prices listed in the applicable Quote (unless prior written approval by Accuray for application of an earlier price list is obtained) for the Products and Services, including any Spare Parts, less any applicable discounts as specified in Exhibit C hereto.

5.2.2. All costs of delivering the Products to the Distributor or Customer (including, but not limited to, costs for land, air and/or ocean freight, insurance, port, customs and forwarding fees, if any), as well as any rigging and unloading of the Products, shall be paid by the Distributor. Unless advised otherwise, all prices quoted by Accuray include the cost of packing and crating for delivery.

5.2.3. All sales to Distributor are exclusive of sales, use, value-added, import or export duties or fees or similar taxes and the Distributor shall pay all taxes related to the Products and/or Services except for taxes on income of Accuray from the sale of the Products and/or Services.

5.3. Compensation. Except as otherwise provided herein, Distributor's only compensation for its efforts on Accuray's behalf shall be the margins it earns on the resale of Products and Services, and Distributor shall bear all of the expenses which it incurs in making those efforts. Notwithstanding the foregoing, in the event that Accuray contracts directly with a Customer, Accuray and Distributor shall discuss and agree at the time of such sale any possible

commission to be paid to Distributor. Factors relevant to the existence and amount of such potential commission shall include, but are not limited to, whether Distributor was involved in such sale, the level of effort put forth by Distributor in relation to such sale, and whether Distributor has responsibility for ongoing support or service obligations to the Customer.

5.4. Payment.

5.4.1. System Purchase Payments. Payment for the purchase of a System shall be made by Distributor to Accuray in US Dollars in the form of either (1) an irrevocable trade finance letter of credit or (2) wire transfer as further described in Sections 5.4.1.1 (Letter of Credit) and 5.4.1.4 (Wire Transfer), respectively below. Credit card payments will not be accepted by Accuray unless Distributor agrees to pay any fees charged by its credit card provider. Accuray shall bear the cost of any bank charges assessed by its bank for a letter of credit and any commission charge for a wire transfer. Distributor will pay a late charge of two percent (2%) on any balance that becomes overdue, plus interest at the lesser of one percent (1%) per month or the maximum rate permitted by law, until paid in full. Accuray's performance hereunder is subject to Accuray's approval of Distributor's credit.

5.4.1.1. Letter of Credit. An irrevocable trade finance letter of credit issued by Distributor's bank, confirmed by a bank designated by Accuray in all respects and delivered to Accuray with the Quote executed by Distributor. The letter of credit will provide that Accuray can draw against the letter of credit according to the following schedule:

5.4.1.2. US $250,000 (non-refundable but transferable) upon Accuray's acceptance of the executed Quote, which must be at least four (4) months prior to the Distributor's proposed shipment date; and

5.4.1.3. Balance upon presentation of documents by Accuray evidencing shipment of the Products to Distributor or Customer as designated in the Quote.

5.4.1.4. Wire Transfer. A wire transfer made in advance of the date payment is due, made in U.S. dollars, to a bank selected by Accuray, according to the following schedule:

5.4.1.5. US $250,000 (non-refundable but transferable) upon Accuray's acceptance of the executed Quote, which must be at least four (4) months prior to the Distributor's proposed shipment date; and

5.4.1.6. Balance five (5) business days prior to shipment of the Products to Distributor or Customer as designated in the Quote.

5.4.1.7. Other Fees. Prices are net without any tax, VAT, toll or similar fees. Distributor will bear such taxes, tolls or similar fees. Any sales taxes (a) due with respect to payments made on or before the date of delivery, shall be due on the delivery date and (b) due with respect to payments made

following the date of delivery, shall be due together with payment of the underlying amount.

5.4.1.8. Tax Exempt Status. In the event that Customer claims tax exempt status in the country where the Accuray System is to be installed. Customer must provide Accuray with sufficient evidence of such tax exempt status prior to delivery of the Accuray System. If sufficient evidence is not provided.

5.4.2. Products, Spare Parts and Upgrade Payments. Full payment of the purchase price for Products, Spare Parts and upgrades shall be made by Distributor to Accuray in US Dollars by wire transfer made in advance of the date payment is due to a bank selected by Accuray. Such payment to be made no less than five (5) business days prior to shipment of the Product, Spare Part or upgrade. Accuray shall bear the cost of any commission charge for a wire transfer.

5.4.3. Payments by Customers Direct to Accuray. If agreed to in writing by Accuray, Customers may make payments directly to Accuray using the payment methods and schedules set forth in Sections 5.4.1.1 (Letter of Credit), 5.4.1.4 (Wire Transfer) and 5.4.2 (Products, Spare Parts and Upgrade Payments) above. Should Customers make such payments to Accuray and such payment include the Distributor's margin, then Accuray will pay such margin to Distributor once payment is received from the Customer and cleared by Accuray's designated bank.

5.5. Collections. Notwithstanding Section 5.4.3 above, Distributor shall be solely responsible for determining the creditworthiness of and collecting payment from its Customers. The risk of non-collection from the Customer will be borne entirely by Distributor, which shall be responsible for making timely payment to Accuray for Products and Services whether or not Distributor is successful in collecting from its Customer. In the event that full payment is not received by Accuray, Accuray shall not be liable to Distributor for any margin or commission unless and until it has received payment of amounts sufficient to cover the costs incurred by Accuray to provide the applicable Products and Services to Distributor ("Accuray Cost"). Distributor acknowledges and agrees that it shall not be entitled to receive payment of any margin or commission until Accuray has received payment of the Accuray Cost amount in relation to the applicable Products and Services.

6. TERM AND TERMINATION

6.1. Term. The term of this Agreement shall begin on the Effective Date and continue for a period of [three (3) years] (" Term"), unless extended or sooner terminated in accordance with this Section 6.

6.2. Renewal. This Agreement may be renewed for additional one-year periods, upon the mutual written agreement of the Parties. Such written agreement shall include any revision of the minimum volumes and pricing as may be agreed upon by the parties.

6.3. Termination for Cause. Either party may terminate this Agreement if the other party commits a material breach of this Agreement and fails to cure it within forty-five (45) days after written notice of the breach is received from the non-breaching party, provided that, as to a breach

which cannot be fully cured within forty-five (45) days, then the parties shall agree in writing on a resolution plan and a reasonable timeline for such cure period, and that breach shall be deemed timely cured if the cure is completed within the agreed upon timeline. The effective date of termination shall be the date of expiration of the applicable cure period without a cure having occurred.

6.4. Termination Without Cause. Either party may terminate this Agreement with six (6) months prior written notice to the other party. Each party shall diligently pursue its obligations under this Agreement until the effective date of termination.

6.5. Termination Upon Change in Control. Accuray shall have the right to terminate this Agreement in the event of a change in control of Distributor, acquisition of Distributor by a third party or a global change in Accuray's distributorship structure upon six (6) months advance written notice to Distributor. A global change in Accuray's distribution structure may occur when Accuray, in its sole discretion and in its own best interests, determines the need to change its distribution channels, structure, or arrangements on a global basis.

6.6. Effect of Termination. In the event of termination, the effect of such termination shall be as follows:

6.6.1. Sales in Process. This Section 6.6.1 shall only apply in cases of Termination Without Cause (Section 6.4) and Termination Upon Change in Control (Section 6.5).

6.6.1.1. Accuray will continue to accept submission of executed Quotes by Distributor within the six (6) months prior to the effective date of termination;

6.6.1.2. Distributor shall pay the nonrefundable, transferable US $250,000 deposit in accordance with Section 5.4 (Payment), and submit a Customer contract for each executed Quote submitted under Section 6.6.1 above within three (3) months of the date the executed Quote was submitted to Accuray; and

6.6.1.3. Distributor shall pay the balance of the Quote payment amount in accordance with Section 5.4, with shipment of the Product to be scheduled by Distributor within nine (9) months from the date the executed Quote was submitted to Accuray under Section 6.6.1.

6.6.1.4. Failure of Distributor to comply with any of the items in Sections 6.6.1.1, 6.6.1.2, or 6.6.1.3 will relieve Accuray of any obligations to Distributor under this Section 6.6.1.

6.6.1.5. Other than as provided in this Section 6.6.1, Accuray shall have no further liability to Distributor and Distributor shall not be entitled to any additional compensation in relation to a termination of this Agreement.

6.6.2. Transition of Activities. Accuray and Distributor agree to negotiate in good faith an orderly transition of Distributor's distribution responsibilities and activities to Accuray or a third party designated by Accuray and Distributor agrees to assist in the transition.

6.6.3. Pending Obligations. Each party must continue to fulfill any obligations, including but not limited to pending Quotes, accrued before the effective date of such termination.

6.7. Termination Transition Assistance. Immediately following termination, as applicable, Distributor shall transfer to Accuray upon Accuray's request: any regulatory clearances, licenses or permits obtained for conduct of the business in the Territory; any Confidential Information; and other items as negotiated in good faith between the parties. Furthermore, each of the parties agree to cooperate fully with the other for any reasonable transition assistance required in the case of termination or expiration of this Agreement.

6.8. Distributor's Right to Support following Termination.

6.8.1. If Distributor has continuing obligations to support Customers following termination of this Agreement, including any Service Agreements, Accuray will continue to provide support to Distributor at Distributor's cost for it to effectively support such Customers pursuant to the terms of such Customer agreements. However, in the event that Distributor fails to provide the same or greater service to any Customer, including uptime guarantees, as provided to Distributor by Accuray under the related service agreement, then Accuray shall have the right to demand that Distributor assign the Customer service agreement to Accuray.

6.8.2. Alternatively, Accuray will have the right to take over support for those existing Customers and will reimburse Distributor for: any loss of gross revenue from the Customer during the remaining term of the applicable Customer agreement less, unless already paid, the cost of support to be provided by Accuray, as reasonably determined and negotiated in good faith.

6.9. No Termination Compensation. Distributor waives any rights it may have to receive any compensation or indemnity upon termination or expiration of this Agreement, other than as expressly provided in this Agreement. Distributor acknowledges that it has no expectation and has received no assurances that any investment by Distributor in the promotion of the Products will be recovered or recouped or that Distributor will obtain any anticipated amount of profits by virtue of this Agreement.

6.10. Accruals. No termination of this Agreement will terminate any obligation of payment which has accrued prior to the effective date of such termination.

7. DISPUTE RESOLUTION

7.1. Notification and Discussion. Accuray and Distributor hereby irrevocably and unconditionally agree as follows: Should any dispute arise between the parties relating to this Agreement or the business relationship between the parties, such dispute shall be submitted by one or both parties, in writing, to the principal executive of Distributor and the President of Accuray for resolution. The parties shall attempt to resolve any dispute arising out of or relating to this Agreement promptly by negotiation between executives who have authority to settle the dispute.

7.2. Arbitration. In the event of any dispute arising out of or in connection with this Agreement that is not resolved by the parties after escalation to the principle executive of Distributor and the

President of Accuray as described above, either party may submit the matter to binding arbitration under the Rules of Arbitration of the International Chamber of Commerce by a single arbitrator appointed in accordance with the Rules of Arbitration. Any such arbitration shall be conducted in Paris, France and shall be conducted in the English language as spoken and interpreted in the United States of America. All written materials in connection with such arbitration shall be in the English language. The costs of the arbitration shall be borne equally by the Distributor and Accuray. Judgment on the arbitrator's award may be entered in any court of competent jurisdiction.

7.3. Governing Law and Venue. The rights and obligations of the parties under this Agreement shall be governed in all respects by the laws of the United States and the State of California without regard to conflicts of laws principles or international treaties (such as the U.N. Convention on Contracts for the International Sale of Goods) that would require the application of the laws of any other jurisdiction. No action, regardless of form, arising out of or related to any Accuray Deliverable may be brought by Distributor more than 1 year after Distributor has or should have become aware of the cause of action.

7.4. Confidential Information. Any breach by Accuray or Distributor of their respective obligations in relation to intellectual property or confidential information as described in Section 8 (Confidentiality) below or related obligations of this Agreement will cause the injured party irreparable harm for which money damages shall be an inadequate remedy and difficult to ascertain. Consequently, notwithstanding anything else in this Agreement to the contrary, in the event of any such threatened or actual breach, the injured party will be entitled to seek equitable relief in any court having jurisdiction on any claim based upon the actual or imminent misuse or unauthorized disclosure of the injured party's intellectual property or confidential information, including preliminary injunctions restraining such breach and specific performance of the other party's obligations and covenants in such sections. Such equitable relief shall be in addition, and without prejudice, to any other remedies available to the injured party at law or under this Agreement for any such breach or threatened breach. If the injured party seeks injunctive relief, such action shall not constitute a waiver of the provisions of this Agreement to arbitrate, which shall continue to govern any and every dispute between the parties including, without limitation, the right of damages, permanent injunctive relief, and any other remedy at law or in equity.

8. **CONFIDENTIALITY.**

8.1. Definition. "Confidential Information" means: (i) any non-public information of a party, including, without limitation, any information relating to a party's current and planned products and services, technology, techniques, know-how, research, engineering, designs, finances, accounts, procurement requirements, manufacturing, customer lists, business forecasts and marketing plans; (ii) any other information of a party that is disclosed in writing and is conspicuously designated as "Confidential" at the time of disclosure or that is disclosed orally, is identified as "Confidential" at the time of disclosure, and is summarized in a writing sent by the disclosing party to the receiving party within thirty (30) days of any such disclosure; and (iii) the specific terms and pricing set forth in this Agreement.

8.2. Exclusions. The obligations in Section 8.3 (Obligations) will not apply to the extent any information: (i) is or becomes generally known to the public through no fault of or breach of this Agreement by the receiving party; (ii) was rightfully in the receiving party's possession at

the time of disclosure, without an obligation of confidentiality; (iii) is independently developed by the receiving party without use of the disclosing party's Confidential Information; or (iv) is rightfully obtained by the receiving party from a third party without restriction on use or disclosure.

8.3. Obligations. Each party will not use the other party's Confidential Information, except as necessary for the performance of this Agreement, and will not disclose such Confidential Information to any third party, except to those of its employees and subcontractors that need to know such Confidential Information for the performance of this Agreement, provided that each such employee and subcontractor is subject to a written agreement that includes binding use and disclosure restrictions that are at least as protective as those set forth herein. Each party will use all commercially reasonable efforts to maintain the confidentiality of all of the other party's Confidential Information in its possession or control, but in no event less than the efforts that it ordinarily uses with respect to its own confidential information of similar nature and importance. The foregoing obligations will not restrict either party from disclosing the other party's Confidential Information or the terms and conditions of this Agreement: (i) pursuant to the order or requirement of a court, administrative agency, or other governmental body, provided that the party required to make such a disclosure gives reasonable notice to the other party to enable it to contest such order or requirement; (ii) on a confidential basis to its legal or professional financial advisors; (iii) as required under applicable securities regulations; or (iv) on a confidential basis to present or future providers of venture capital and/or potential private investors in or acquirers of such party.

9. INTELLECTUAL PROPERTY RIGHTS.

9.1. Notice of Infringement. Distributor undertakes to inform Accuray within two (2) days from the date it first becomes aware of any possible infringement by third parties of Accuray's proprietary rights, including, without limitation, a duplication of the Products or any other patent, trademark or copyright or other infringement of Accuray's intellectual property rights in connection with the Products, and to cooperate and participate with Accuray regarding any legal action in relation to such infringement, which in Accuray's judgment, is necessary or desirable.

9.2. Third Party Claims. If Distributor promptly notifies Accuray of a claim it has received or of which it becomes aware that the Products or any part thereof purchased by Distributor hereunder infringes a third party's proprietary rights in the Territory, then Accuray agrees, at its discretion, either to (i) defend the claim at its expense, with the cooperation of Distributor or (ii) make changes in the Product or part thereof or replace the Products with alternatives that are at least functionally equivalent to avoid the claim, or (iii) purchase the right to use such proprietary right or (iv) refund to the purchaser the net book value of the Product less a reasonable deduction for use, wear and tear, and depreciation upon Accuray taking possession of such Product. The foregoing states the entire liability of Accuray with respect to infringement of patents or other proprietary rights by the Products or part thereof, or by their operation. To remove all doubt, Accuray has no obligation regarding any claim based on any of the following: (a) modification of the Products by any person other than Accuray; (b) combination, operation or use of the Products with other products, parts, components, materials or accessories not provided by Accuray; and (c) infringement by a product not manufactured by Accuray.

9.3. Intellectual Property Ownership and License. Accuray and its licensors retain all intellectual property rights in the Products. Accuray hereby grants Distributor or Customer a nonexclusive, non-transferable, royalty-free right to use the software provided in connection with the Products only in machine readable form and only in combination with the Products with which such software is provided. No such software shall be copied or decompiled in whole or in part by Distributor or Customer, and Distributor or Customer shall not disclose or provide any such software, or any portion thereof, to any third party. All rights in intellectual property not expressly granted hereunder are reserved by the owner of such intellectual property.

9.4. Product Labeling. Products shall be labeled and identified at point of manufacture. Distributor shall be responsible for compliance with all local laws and regulations relating to labeling. Such labeling and identification shall be only as acceptable to Accuray and may be altered or added to by Distributor only as previously agreed upon in writing by Accuray. The failure of Distributor to comply with these provisions shall be considered a material default under the terms of this Agreement.

9.5. Trademarks. Distributor acknowledges the validity and proprietary value of Accuray's trademarks including, but not limited to, "CyberKnife." Accuray shall retain sole ownership of all goodwill associated with the Products, as represented and symbolized by the associated trademarks, and Distributor shall not register any of Accuray's trademarks in its name. Distributor undertakes to display Accuray's trademarks solely in connection with identifying Accuray in the sale and marketing of Products hereunder. Distributor shall not remove copyright notices or any trademarks from the Products. Distributor shall not be entitled to use said trademarks in conjunction with Distributor's own trademarks or for any other purpose, except in the manner authorized by Accuray, which authorization will not be unreasonably withheld and in compliance with distribution standards and specifications established by Accuray. If Accuray determines in its sole discretion that Distributor is not meeting such standards and specifications, Distributor shall immediately, at Accuray's instructions, take all steps necessary to ensure that such standards and specifications are met or cease all further use and display of the trademarks. In the event of expiration or termination of this Agreement, Distributor shall immediately discontinue all use of Accuray's trademarks except as may be permitted by Accuray for the sale of Distributor's inventory of Products.

10. **INDEMNITIES.**

10.1. Accuray Indemnity. Accuray will defend or settle any action brought against Distributor to the extent that it is based upon a third-party claim that a Product, as provided by Accuray to Distributor under this Agreement, infringes any United States patent or any copyright or misappropriates any trade secret, and will pay any costs and damages made in settlement or awarded against Distributor in final judgment resulting from any such claim, provided that Distributor: (i) gives Accuray prompt notice of any such claim; (ii) gives Accuray sole control of the defense and any related settlement of any such claim; and (iii) gives Accuray, at Accuray's expense, all reasonable information, assistance and authority in connection with the foregoing. Accuray will not be bound by any settlement or compromise that Distributor enters into without Accuray's express prior written consent.

10.2. Products Liability Indemnity. Accuray will defend or settle any action brought against Distributor to the extent that it is based upon a third-party claim that a Product, as provided by Accuray to Distributor under this Agreement is unsafe when used according to Accuray's written product specifications for its intended use, and will pay any costs and damages made in settlement or awarded against Distributor in final judgment resulting from any such claim, provided that Distributor: (i) gives Accuray prompt notice of any such claim; (ii) gives Accuray sole control of the defense and any related settlement of any such claim; and (iii) gives Accuray, at Accuray's expense, all reasonable information, assistance and authority in connection with the foregoing. Accuray will not be bound by any settlement or compromise that Distributor enters into without Accuray's express prior written consent.

10.3. Injunctions. If Distributor's rights to use and distribute a Product under the terms of this Agreement are, or in Accuray's opinion are likely to be, enjoined due to the type of claim specified in Section 10.1 (Accuray Indemnity), then Accuray may, at its sole option and expense: (i) procure for Distributor the right to continue to use and distribute such Product under the terms of this Agreement; (ii) replace or modify such Product so that it is non-infringing; or (iii) if options (i) and (ii) above cannot be accomplished despite Accuray's reasonable efforts, then Accuray may terminate Distributor's rights and Accuray's obligations hereunder with respect to such Product and credit to Distributor a pro-rated portion of the amount paid for such Product based on a straight-line depreciation calculated over a 5-year period beginning on the date of delivery of the Product, provided that all units of such Product are returned to Accuray in an undamaged condition.

10.4. Indemnity Exclusions. Notwithstanding the foregoing, Accuray will have no obligation under Sections 10.1 (Accuray Indemnity) or 10.2 (Products Liability Indemnity) for any third-party claim to the extent that such claim results from: (i) use of any Products not in accordance with Accuray's written product specifications; (ii) use or combination of the Products with other items, such as other equipment, processes, programming applications or materials not furnished by Accuray; (iii) compliance by Accuray with Distributor's or Customers' designs, specifications or instructions; (iv) modifications to a Product not made by or at the express written direction of Accuray; (v) Distributor's failure to use updated or modified Products provided by Accuray; (vi) Distributor's use or distribution of a Product other than in accordance with this Agreement or (vii) Distributor contracts with other manufacturers, including Elekta and manufacturers of products and services that compete with Accuray. The foregoing clauses (i) to (vii) are referred to collectively as "Indemnity Exclusions".

10.5. Limitation. THE FOREGOING PROVISIONS OF THIS SECTION SET FORTH ACCURAY'S SOLE AND EXCLUSIVE LIABILITY AND DISTRIBUTOR'S SOLE AND EXCLUSIVE REMEDY FOR ANY CLAIMS OF INFRINGEMENT OR MISAPPROPRIATION OF INTELLECTUAL PROPERTY RIGHTS OR PROPRIETARY RIGHTS OF ANY KIND OR PRODUCTS LIABILITY.

10.6. Distributor Indemnity. Distributor will defend or settle, indemnify and hold Accuray harmless from any liability, damages and expenses (including court costs and reasonable attorneys' fees) arising out of or resulting from any third-party claim based on or otherwise attributable to: (i) Distributor's acts or omissions; (ii) any misrepresentations made by Distributor with respect to Accuray or the Products or Services; or (iii) an Indemnity Exclusion.

11. **LIABILITY.**

11.1. Exclusion of Certain Damages. IN NO EVENT WILL ACCURAY BE LIABLE FOR ANY SPECIAL, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES (INCLUDING, BUT NOT LIMITED TO, LOST PROFITS OR REVENUE, LOST DATA, LOSS OF USE, LOST BUSINESS OPPORTUNITIES OR OTHER ECONOMIC ADVANTAGE, OR LOSS OF GOODWILL), OR FOR THE COSTS OF PROCURING SUBSTITUTE PRODUCTS, ARISING OUT OF, RELATING TO OR IN CONNECTION WITH THIS AGREEMENT OR THE USE OR PERFORMANCE OF ANY ACCURAY PRODUCTS OR SERVICES PROVIDED BY ACCURAY, WHETHER SUCH LIABILITY ARISES FROM ANY CLAIM BASED UPON CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), PRODUCT LIABILITY OR OTHERWISE, WHETHER OR NOT ACCURAY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE. THE PARTIES HAVE AGREED THAT THESE LIMITATIONS WILL SURVIVE AND APPLY EVEN IF ANY LIMITED REMEDY SPECIFIED IN THIS AGREEMENT IS FOUND TO HAVE FAILED OF ITS ESSENTIAL PURPOSE.

11.2. Total Liability. ACCURAY'S TOTAL LIABILITY TO DISTRIBUTOR UNDER THIS AGREEMENT, FROM ALL CAUSES OF ACTION AND UNDER ALL THEORIES OF LIABILITY, WILL BE LIMITED TO THE PAYMENTS ACTUALLY RECEIVED FROM DISTRIBUTOR UNDER THIS AGREEMENT DURING THE TWELVE (12) MONTH PERIOD PRECEDING THE DATE A CLAIM FOR LIABILITY ARISES HEREUNDER.

11.3. Basis of Bargain. The parties expressly acknowledge and agree that Accuray has set its prices and entered into this Agreement in reliance upon the limitations of liability specified herein, which allocate the risk between Accuray and Distributor and form an essential basis of the bargain between the parties.

12. **MISCELLANEOUS PROVISIONS**

12.1. Publicity. Distributor may not use Accuray's name or trademarks on its literature, signs, or letterhead, nor may it make press releases or other public statements disclosing its relationship with Accuray under this Agreement or otherwise without the prior written consent of Accuray, which shall not be unreasonably withheld.

12.2. Good Will. Distributor agrees that it will help develop and work to preserve the good will of Accuray within the Territory, and will not unreasonably harm that good will. In the event of termination of this Agreement for any reason, Distributor will not do anything to unreasonably harm the good will of Accuray within the Territory.

12.3. Titles. Titles of the various paragraphs and sections of this Agreement are for ease of reference only and are not intended to change or limit the language contained in those paragraphs and sections.

12.4. Assignment. Neither party may assign this Agreement without the other party's prior written consent. However, Accuray may assign this Agreement, without Distributor's consent, to an affiliate or to a successor or acquirer, as the case may be, in connection with a merger or acquisition, or the sale of all or substantially all of Accuray's assets or the sale of that portion of Accuray's business to which this Agreement relates. Subject to the foregoing, this Agreement will bind and inure to the benefit of the parties' permitted successors and assigns.

12.5. Conduct. Accuray prohibits the harassment of our employees and contractors in any form. Accuray considers harassment of, or discrimination against, our employees and affiliated persons a very serious matter and will investigate all complaints of inappropriate conduct. Where our investigation uncovers harassment or discrimination, we will not hesitate to take prompt corrective action.

12.6. Notices. All notices required or permitted under this Agreement will be in writing and delivered in person, effective immediately, by overnight delivery service, effective two (2) business days after deposit with the carrier, or by registered or certified mail, postage prepaid with return receipt requested, effective five (5) business days after deposit with the carrier. All communications will be sent to the addresses set forth below or to such other address as may be specified by either party in writing to the other party in accordance with this Section.

To Accuray:

Accuray Incorporated
Attention: Chief Financial Officer
1310 Chesapeake Terrace
Sunnyvale, CA 94089
with cc to: General Counsel

To Distributor:

12.7. Waiver. The waiver of any breach or default of any provision of this Agreement will not constitute a waiver of any other right hereunder or of any subsequent breach or default.

12.8. Severability. If any provision of this Agreement is held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions of the Agreement will remain in full force and effect, and the provision affected will be construed so as to be enforceable to the maximum extent permissible by law.

12.9. Survival. The expiration or termination of this Agreement for any reason will not release either party from any liabilities or obligations set forth herein which (i) the parties have expressly agreed will survive any such expiration or termination; or (ii) remain to be performed or by their

nature would be intended to be applicable following any such termination or expiration. In addition to the foregoing, the following provisions shall survive any termination or expiration of this Agreement: Section 3.16 (Warranty); Section 3.22 (Compliance with Laws); Section 3.24 (Insurance); Section 4.5 (Warranty); Section 6.6 (Effect of Termination); Section 6.7 (Termination Transition Assistance); Section 6.8 (Distributor's Right to Support following Termination); Section 7 (Dispute Resolution); Section 8 (Confidentiality); Section 9 (Intellectual Property Rights); Section 10 (Indemnities), Section 11 (Liability) and Section 12 (Miscellaneous Provisions).

12.10. Force Majeure. Neither party will be responsible for any failure or delay in its performance under this Agreement (except for the payment of money) due to causes beyond its reasonable control, including, but not limited to, labor disputes, strikes, lockouts, shortages of or inability to obtain labor, energy, raw materials or supplies, war, acts of terror, riot, acts of God or governmental action.

12.11. Amendments. Any amendment or modification of this Agreement must be made in writing and signed by duly authorized representatives of each party. For Accuray, a duly authorized representative must be any of the following: CEO, CFO, General Counsel or Associate General Counsel.

12.12. English Language Requirement. This Agreement is written in the English language as spoken and interpreted in the United States of America, and such language and interpretation shall be controlling in all respects.

12.13. Foreign Currency. Distributor acknowledges and agrees that it shall assume all risk associated with any fluctuation of foreign currency exchange rates associated with its pricing of Products and Services to Customers in a currency other than US Dollars. All payments made by Distributor to Accuray shall be in US Dollars.

12.14. Entire Agreement. This Agreement contains the entire agreement of the parties hereto with respect to the subject matter hereof, and supersedes all prior understandings, representations and warranties, written and oral. If any part of the terms and conditions stated herein are held void or unenforceable, such part will be treated as severable, leaving valid the remainder of the terms and conditions.

12.15. Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

SIGNATURE PAGE FOLLOWS

Initials: Distributor _____
Accuray _____

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the Effective Date by their duly authorized representatives. The parties acknowledge and agree that this Agreement does not become effective until it has been signed by all parties indicated below.

DISTRIBUTOR:

By: _____

Print name: _____

Title: _____

Date: _____

ACCURAY INCORPORATED:

By: _____

Print name: _____

Title: _____

Date: _____

The undersigned acknowledges that the terms and conditions of this Agreement meet the policies and procedures of Accuray.

By: _____
Accuray Legal

Date: _____

SIGNATURE PAGE TO INTERNATIONAL DISTRIBUTOR AGREEMENT

Initials: Distributor _____
Accuray _____

EXHIBIT A

TERRITORY

As set forth in the Agreement, Distributor shall act as Accuray's [non-exclusive Distributor][sole Distributor (not exclusive of Accuray)] in the following geographic region:

EXHIBIT B

PRODUCT MINIMUM VOLUMES

During the Term of this Agreement, Distributor agrees to purchase and pay in full for a minimum number of CyberKnife Systems as set forth below. All such Systems shall be installed within six (6) months of delivery.

- [{*****}] Systems to be purchased by Distributor in the first year of the Agreement Term, following which such minimum number requirement will be subject to annual review and amendment by Accuray no less than ninety (90) days prior to the end of the then current year of the Term, provided, however, that in no event shall Accuray increase such minimum number requirement by more than {*****} percent ({*****}%) of the minimum volume for the preceding year.

Initials: Distributor _____
Accuray _____

EXHIBIT C

DISTRIBUTOR DISCOUNTS ON PRODUCTS AND SERVICES

Accuray will provide Distributor the following discounts off the then current U.S. list price for Products and Services, provided that Distributor meets the minimum volumes as set forth in Exhibit B:

1. Distributors (a) in Latin America and Asia will receive a {*****}% discount on each System and (b) in Europe will receive an {*****}% discount on each System, provided that Distributors in Russia will receive a {*****}% discount on each System,

2. Distributors (a) in Latin America and Asia will receive a {*****}% discount on the purchase of upgrades for a Customer's System and (b) in Europe will receive an {*****}% discount on the purchase of upgrades for a Customer's System, provided that Distributors in Russia will receive a {*****}% discount on the purchase of upgrades for each System; and each Distributor shall receive a {*****}% discount on the purchase of a Linear Accelerator, Imaging System, RoboCouch™ Patient Positioning System and Appearance upgrade, provided that Distributor has purchased a Service Agreement for that Customer. If no Service Agreement was purchased for the Customer's System in question, all such upgrades will be offered to Distributor at the U.S. List Price. Any discount available to Distributor for newly released upgrades to the System will be set by Accuray when the upgrade is made available to Distributor.

3. Distributors (a) in Latin America and Asia will receive a {*****}% discount on the purchase of consumables, such as fiducials for a Customer's System and (b) in Europe will receive an {*****}% discount on such fiducials, provided that Distributors in Russia will receive a {*****}% discount on such fiducials, provided, in each case, that Distributor has purchased a Service Agreement for that Customer. If no Service Agreement was purchased for the Customer's System in question, all such consumables will be offered to Distributor at the U.S. List Price.

4. Distributors (a) in Asia and Latin America will receive a {*****}% discount on Service Agreements and (b) in Europe will receive an {*****}% discount on Service Agreements, provided that Distributors in Russia will receive a {*****}% discount on Service Agreements.

5. Distributors (a) in Asia and Latin America will receive a {*****}% discount on Spare Parts not covered under a Service Agreement for a Customer's System and (b) in Europe will receive an {*****}% discount on such Spare Parts not covered under a Service Agreement for a Customer's System, provided that Distributors in Russia will receive a {*****}% discount on such Spare Parts not covered under a Service Agreement for a Customer's System; provided, in each case, that Distributor has purchased a Service Agreement for that Customer. If no Service Agreement was purchased for the Customer's System in question, Distributor will receive a {*****}% discount on Spare Parts for that System.

EXHIBIT E

Siemens Code of Conduct

See attached.

SIEMENS

Code of Conduct for Siemens Suppliers

This Code of Conduct defines the basic requirements placed on Siemens' suppliers of goods and services concerning their responsibilities towards their stakeholders and the environment. Siemens reserves the right to reasonably change the requirements of this Code of Conduct due to changes of the Siemens Compliance Program. In such event Siemens expects the supplier to accept such reasonable changes.

The supplier declares herewith:

- **Legal compliance**
  - to comply with the laws of the applicable legal system(s).
- **Prohibition of corruption and bribery**
  - to tolerate no form of and not to engage in any form of corruption or bribery, including any payment or other form of benefit conferred on any government official for the purpose of influencing decision making in violation of law.

- **Respect for the basic human rights of employees**

  - to promote equal opportunities for and treatment of its employees irrespective of skin color, race, nationality, social background, disabilities, sexual orientation, political or religious conviction, sex or age;
  - to respect the personal dignity, privacy and rights of each individual;
  - to refuse to employ or make anyone work against his will;
  - to refuse to tolerate any unacceptable treatment of employees, such as mental cruelty, sexual harassment or discrimination;
  - to prohibit behavior including gestures, language and physical contact, that is sexual, coercive, threatening, abusive or exploitative;
  - to provide fair remuneration and to guarantee the applicable national statutory minimum wage;
  - to comply with the maximum number of working hours laid down in the applicable laws;
  - to recognize, as far as legally possible, the right of free association of employees and to neither favor nor discriminate against members of employee organizations or trade unions.

- **Prohibition of child labor**

  - to employ no workers under the age of 15 or, in those countries subject to the developing country exception of the ILO Convention 138, to employ no workers under the age of 14.

- **Health and safety of employees**

  - to take responsibility for the health and safety of its employees;
  - to control hazards and take the best reasonably possible precautionary measures against accidents and occupational diseases;
  - to provide training and ensure that employees are educated in health and safety issues;
  - to set up or use a reasonable occupational health & safety management system(1).

- **Environmental protection**

  - to act in accordance with the applicable statutory and international standards regarding environmental protection;
  - to minimize environmental pollution and make continuous improvements in environmental protection;
  - to set up or use a reasonable environmental management system(1).

- **Supply chain**

  - to use reasonable efforts to promote among its suppliers compliance with this Code of Conduct;
  - to comply with the principles of non discrimination with regard to supplier selection and treatment.

(1) For further information see www.siemens.com/procurement/cr/code-of-conduct

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EXHIBIT F

Siemens Quality Assurance Agreement

See attached.

SIEMENS

Quality Requirement Med

**Identification of Products and basic requirements for packaging
Requirements for Suppliers**

QR Med 1 A1

Siemens Medical Solutions and affiliated Companies

Issued by Med Quality Management & Regulatory Affairs

Released 2007-09-28 by the Med Quality Steering Board (QSB)
Valid from 2007-11-01

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Contents

Author:
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Reviewer:
Volker Glahn QM&RA
Philippe Hoxter CSQ

1 Purpose and scope

For Siemens Medical Solutions it is a basic requirement that any part, component or system is identified the same way worldwide. This document lists the minimum requirements for suppliers of Siemens Medical Solutions describing

- how parts, components and systems are identified with their attributes and
- how attributes are labeled both as plain text as well as barcode on products and its packaging. Detailed specifications with regards to the labeling of products are defined for the individual product concerned.

2 Definitions and abbreviations

2.1 Material No.

The Siemens Medical Solutions Material No. is used to uniquely identify products (parts, components and systems). It consists of an 8-digit identification no. assigned by Siemens Medical Solutions.

Previously, the term "Part no." was also used; it is replaced by the term "Material No.".

2.2 Revision

The Revision (abbreviated "Rev.") serves to distinguish between different update statuses of hardware. It is assigned by Siemens Medical Solutions.

The English term "Revision" replaces the German term "Erzeugnisstand" (abbreviated "ES") and "Ausführungsstand" (abbreviated "AS").

2.3 Serial No.

The Serial No. is an identifying attribute used to uniquely identify hardware or software with the same Material No. .

For suppliers the Serial No. can consist of up to 15 alphanumeric digits; it is however recommended to use only a 6 digit numerical Serial No. where possible.

The Serial No. may contain a dash (-) or a slash (/), but no other special characters (e.g. # + * ?). Spaces, lower-case letters or language-specific characters (e.g. Ä, Ö, Ü) are **not** allowed within the Serial No. .

The characters "L", *"*S*xx*L*"* or *"*S*xx"* at the end or the beginning of the Serial No. should be avoided *(xx* = any alphanumerical character).

For any Serial No. that is numeric only (i.e. has no letters) it is allowed to omit printing of leading zeros („0").

It is recommended to use the Serial No. of the supplier if it complies with the principles described above.

2.4 Data Identifier

Data Identifiers are used **in the barcode** to indicate that the information following the Data Identifier is data of a certain attribute. The Data Identifier **enables the barcode reading program** to recognize that the following information represents a certain type of attribute.

Data Identifiers to be used:

1P	Material No.	2P	Revision (for packaging only)
S	Serial No.	Q	Quantity (for packaging only)
14D	Expiration date (for packaging only)	T	Batch (for packaging only)

2.5 Expiration date

The format of the expiration date shall be definite and specified as follows: YYYYMMDD

2.6 Batch

The batch is an alphanumeric ident number with 10 digits, used to identify parts manufactured or shipped together. Is no batch provided on the packing but required, a batch is initiated in the stock.

2.7 Shelf life

If a shelf life is defined for parts the shelf life has to be filed in calendar days. (365 days per year)

3 Reference documents

n.a.

4 Requirements

4.1 Identification of parts, components and systems

Non-serialized parts (including spare parts) and components are identified using a Material No. . If necessary, different statuses of a part, component or system can be distinguished via the Revision.

Serialized parts, components and systems are identified using the combination of Material No. and Serial No. . In addition, the Revision may be used to distinguish between different statuses of hardware.

4.2 Labeling of parts, components, systems and its packaging

In general, requirements with respect to labeling have to be defined for the product concerned. However, minimum requirements are specified in order to allow proper identification throughout all processes involved. This chapter lists those minimum requirements.

For all material numbers specified by Siemens the parts and its packaging have to be labeled according to the requirements listed below. The label depends on whether a part/component/system

- is serialized
- contains a revision level
- is classified as an IVK (“Installed Volume Component”)
- shall be handled by expiration date or batch

Siemens defines those requirements per individual Material No. .

Color	Usually white label with black printing other colors are allowed as long as barcode/plain text can be read
Barcode content	1P <Material No. > S <Serial No.>
Additionally for packaging only	2P <product Revision> Q <quantity of products in this packaging (numeric only), usually 1>
	It is not allowed to label Revision and Quantity on product identification labels!
	e.g.: **1P**01234567 as barcode *) (1P) Model No. 01234567 **S**1001 as barcode *) (S) Serial No. 1001
	Each symbol structure with start and stop character including Data Identifier (e.g. "**1P**" or "**S**"), but without symbol check character.
	No space allowed between Data Identifier and attribute.
	It is **not** allowed to print any other information in the barcode fields described above.
Barcode type	Code 39 according to ISO/IEC 16388
Narrow element (bar or space)	Min. 0,17 mm
Ratio of wide element to narrow element	Min. 2,25 : 1
Barcode height	Min. 2 mm, typical 4mm
Plain text (below barcode)	(1P) Model No.: <Material No.> (S) Serial No.: <Serial No.>
Additionally for packaging only	(2P) Revision: <product Revision> (Q) Quantity: <quantity of products in this packaging (numeric only), usually 1>
	It is not allowed to label Revision and Quantity on product identification labels!
	Data Identifier (e.g. "1P" or "S") in brackets in front of data element title (e.g. ''Model No." or "Serial No.") in plain text!
	e.g.: (1P) Model No.: 01234567 *) (1p) Model No. 01234567 (S) Serial No.: 1001 *) (S) Serial No. 1001
	Note: Due to 21CFR1020.30 section e) the term "Model No." shall be used instead of the term "Material No." in plain text on all labels.
	It is **not** allowed to print any other information near the data fields described above. If any other information is printed, it must be printed in a manner so that it can't be misinterpreted as being part of the fields described above; this can be done by printing other information at the very right side of the label.
Additionally for products only	For IVKs or System IVKs, the text "IVK" or "SYSTEM IVK" shall be printed on the very right side of the label. It has to be ensured that this text can't be misinterpreted as being part of the Serial No. ; this can be done by printing this text on a different level. [Siemens Medical Solutions decides and specifies whether a product is an IVK or System IVK.]

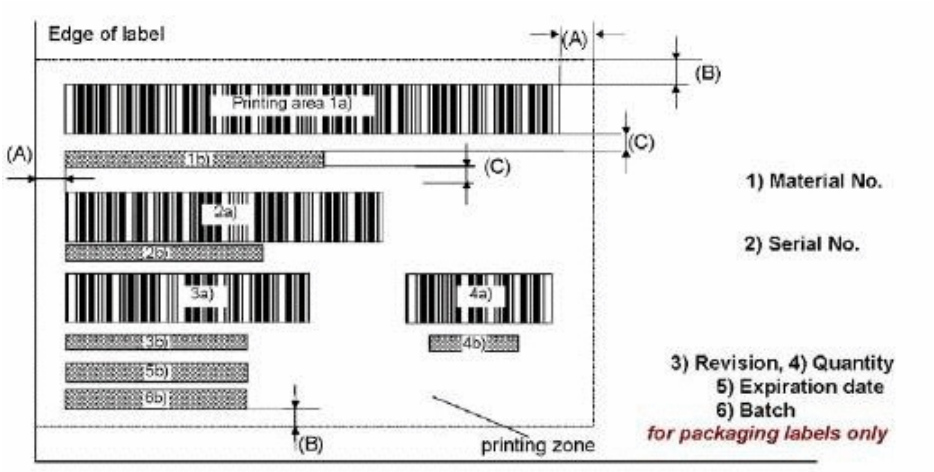
Additionally for packing only	The Expiration date of parts with Shelf life is fixed below the quantity as following: Expiration date: <date of expiration> YYYYMMDD For parts which require a Batch, the batch is fixed below the Expiration date as following: AAAAAAAAAA *For a transition period the batch can also be fixed above the material number*
Font	Universe, if not possible use similar font (e.g. Helvetica)

**) In case of limited space, it is possible to print the bar code next to (and not under) the clear text.*

4.3 Spacing

Minimum distances are:

(A)	Horizontal distance from edge (quiet zone)	≥5 mm
(B)	Vertical distance from edge	≥2 mm
(C)	Vertical distance between printing areas	≥1 mm



Legend: a) printing area for barcode

b) printing area for plain text

5) Expiration date and 6) Batch can be printed in barcode additionally.
For a transition period the batch can also be fixed above the material number

5 Basic requirements for packaging

Especially for spare parts appropriate packaging are required for the global shipping process. Should those packaging contain wood, generally “non wood-packaging” according IPPC (International Plant Protection Convention) shall be used, but fumigation of such packaging is not allowed.

Packaging shall be designed in a suitable way to protect the packed good against transportation load according to IEC 60721-3-2 class’s 2M2/2K4

International pictograms following the IEC 60601 series shall be used for parts which fall under specific restrictions for transport or storage.

The specification of packaging especially for spare parts is within the responsibility of the Business Unit responsible for the product.

6 Literature

ISO/IEC 16388 “Information technology — Automatic identification and data capture techniques — Bar code symbology specifications — Code 39”.

IEC 60721-3-2 Classification of environmental conditions — Part 3: Classification of groups of environmental parameters and their severities — Section 2: Transportation

7 Transition and retrospective measures

n.a.

8 Changes to prior version

CR-No.: 2007-005
Changes to previous edition 04798372 AND 02S 03:

- Chapter 2: Reference document IEC 60721-3-2 added
- Chapter 5: Design of packaging changed

CR-No. 2006-008 (CR N06/0207)
Changes to previous edition 04798372 AND 02S 02:

- Title: Added: and basic requirements for packaging
- Chapter 3.4 Data Identifier for Expiration Date and Batch added
- Chapter 3.5 — 3.7: Completely new
- Chapter 4.2 Added: Expiration date and batch
- Chapter 4.3. Added: labeling of Expiration Date and Batch,
- Chapter 5: Completely new

CR-No. 2006-01, 2006-02
Changes to previous edition 4798372 AND 02S 01:

- Chapter 2, 4.2 : EN 800 replaced by ISO/IEC 16388
- Chapter 4.2 : general requirements at the beginning stated more clearly, footnote added

9 Attachments

n.a.

Exhibit 10.31

PURSUANT TO 17 C.F.R. § 240.24B-2, CONFIDENTIAL INFORMATION (INDICATED BY {***}) HAS BEEN OMITTED FROM THIS DOCUMENT AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A CONFIDENTIAL TREATMENT APPLICATION FILED WITH THE COMMISSION**

ACCURAY INCORPORATED
MULTIPLE LINAC AND MULTI-MODALITY
DISTRIBUTOR AGREEMENT

This Multiple LINAC and Multi-Modality Distributor Agreement (" Agreement") is entered into by and between ACCURAY INCORPORATED, a Delaware corporation with its executive offices located at 1310 Chesapeake Terrace, Sunnyvale, California 94089, USA (" Accuray"), and SIEMENS AKTIENGESELLSCHAFT, a corporation formed under the laws of the Federal Republic of Germany, with its registered offices located at Berlin and Munich ("Siemens"), as of June 8, 2010 ("Effective Date").

RECITALS

Accuray manufactures and sells full-body radiosurgery systems using image-guided robotics, including the CyberKnife® Robotic Radiosurgery System, which is FDA cleared in the United States to provide treatment planning and image-guided stereotactic radiosurgery and precision radiotherapy for lesions, tumors and conditions anywhere in the body where radiation treatment is indicated.

In order to achieve its business objectives, Accuray relies on qualified distributors to market and distribute its products and services.

Accuray and Siemens have entered into that certain Strategic Alliance Agreement, dated as of the date hereof (the " Strategic Alliance Agreement "), and such agreement provides that Accuray and Siemens shall enter into a distribution agreement for Multiple LINAC and Multi-Modality Purchases (as defined below).

Accuray wishes to appoint Distributor (as defined below) as a non-exclusive, worldwide distributor for the Products and Services to Customer in connection with Multiple LINAC or Multi-Modality Purchases (as defined below), subject to the terms and conditions of this Agreement, and Distributor wishes to accept such appointment.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants set forth below, the parties hereto hereby agree as follows:

1. **DEFINITIONS**. Capitalized terms used, but not defined herein, shall have the meaning provided in the Strategic Alliance Agreement. The following terms, as used herein, have the following meaning:

1.1. *"Accuray Regions"* means Accuray's sales regions (as of the Effective Date) of the Americas (North America and South America), APAC (Asia Pacific, including Australia and other than India and Japan), EIMEA (Europe, India, Middle East, and Africa), and Japan.

1.2. *"Customer"* means any person or business entity with whom Distributor enters into an agreement for Products or Services in connection with a Multiple LINAC or Multi-Modality Purchase pursuant to this Agreement.

1.3. *"Distributor"* means Siemens, its Affiliates, or any Third Party which has been granted distribution rights whose scope includes the Products and/or Services by Siemens.

1.4. *"Multiple LINAC or Multi-Modality Purchase"* means a Multiple LINAC Purchase or a Multi-Modality Purchase.

1.5. *"Multi-Modality Purchase"* means the purchase, on a single purchase order, of at least one Distributor imaging product (e.g., CT, MR, PET-CT) and at least one System.

1.6. *"Multiple LINAC Purchase"* means the purchase, on a single purchase order, of at least one Distributor linear accelerator product and at least one System.

1.7. *"Product(s)"* means the System and/or related products manufactured by or for Accuray for use in the radiosurgery market, which have been approved for sale in the Customer's geographic region.

1.8. *"Quote"* means a quote provided by Accuray to Distributor pursuant to Section 2.3 that will serve as the basis for the Product configuration, Services, pricing and delivery schedule offered to a Customer by Distributor.

1.9. *"Service(s)"* means the performance of radiosurgery-related service(s) by Accuray or its distributors, which may include technical support, training or installation of Products as specified in the Quote.

1.10. *"Service Agreements"* means the Accuray CyberKnife Service Agreement or such other service programs and agreements as may be released or modified by Accuray from time to time.

1.11. *"Spare Parts"* means replacement or additional parts or Products used in connection with the System.

1.12. *"Specification(s)"* means the current written description of a Product or Service prepared by Accuray and provided to Distributor.

1.13. *"System(s)"* means the Accuray CyberKnife® Robotic Radiosurgery System or CyberKnife® VSI™ System, as applicable.

2. **DISTRIBUTORSHIP**

2.1. Appointment. Accuray hereby appoints Distributor as a non-exclusive, worldwide distributor of Products and Services to Customers solely in connection with Multiple LINAC or Multi-Modality Purchases, not to the exclusion of Accuray itself or any of its other current or future distributors and subject to the terms and conditions of this Agreement. By way of clarification, this Agreement does not relate to any Cayman Product, including, without limitation, the distribution or sale thereof or any services related thereto.

2.2. Pricing.

2.2.1. Pricing of Products and Services shall be based upon Accuray's then current price lists for such Products and Services. The current price list for Products and Services effective as of the Effective Date will be provided to Distributor contemporaneously with the delivery of this fully executed Agreement to Distributor. Such price lists will be subject to change from time to time in Accuray's sole discretion, and Accuray shall use commercially reasonable efforts to provide Distributor with updated pricing on a regular basis, provided that pricing included in a Quote delivered by Accuray to Distributor shall reflect Accuray's current up-to-date pricing unless otherwise agreed. Updated price lists shall not apply to valid Quotes

issued by Accuray and subject to acceptance by Distributor prior to the effective date of such updated price lists.

2.2.2. Notwithstanding the foregoing or anything to the contrary contained in this Agreement, Distributor may present for approval to Accuray opportunities for sales of Products and Services at prices that differ from the prices set forth in the then current price list. Accuray may, in its sole and absolute discretion, approve any such opportunity, and if approved in writing by Accuray, Distributor shall otherwise be permitted to pursue such opportunity at such prices, which opportunity shall otherwise be governed by and pursued pursuant to the terms of this Agreement.

2.3. Quote and Purchase Process. Distributor acknowledges and agrees that Accuray will determine the appropriate quote process to be observed by the parties under this Agreement and may amend this process (other than the approval rights set forth in Section 2.3.2) as notified to the Distributor reasonably in advance. In addition, Distributor acknowledges that each proposed sale of a Product or Service under this Agreement is subject to the approval rights of Accuray set forth in Section 2.3.2. Accuray and Distributor will comply with the following process for making sales of Products and Services in connection with Multiple LINAC or Multi-Modality Purchases:

2.3.1. Opportunity. Once Distributor has identified a Customer opportunity in connection with a Multiple LINAC or Multi-Modality Purchase, it shall request a Quote from Accuray based on the Product configuration and Services requested by the Customer and the Accuray Region in which the Customer is located, and shall include such other information regarding the Customer and the proposed opportunity as Accuray may reasonably request.

2.3.2. Quote. Following receipt of Distributor's Quote request, Accuray will determine whether to approve the issuance of a Quote related to such request. Such determination shall be made in accordance with and subject to the conditions set forth in Schedule 2.3.2 attached hereto. If Accuray approves the issuance of a Quote, Accuray shall issue a Quote to Distributor based on the Product configuration and Services requested by the Customer, including pricing for such Products and Services as provided in Section 2.2 above. The Quote issued by Accuray in relation to a Customer opportunity shall serve as the basis of any offer made by Distributor to that Customer and shall remain valid for at least six months (unless earlier declined by Distributor), and Distributor shall submit an amended Quote request to Accuray in the event adjustments to a Quote are requested by the Customer. Any such amended Quote request from Distributor shall again be subject to the Accuray approval process set forth in this Section 2.3.2.

2.3.3. Purchase. To purchase Products or Services based on a Quote provided by Accuray, Distributor will issue a purchase order, which shall include specific references to the quote number of such Quote (the " Purchase Order"). Accuray shall either accept or reject such Purchase Order within two weeks after receipt thereof, with any failure to approve or disapprove of such Purchase Order in such period constituting disapproval. Each purchase of Accuray Components and Interfaces shall be accomplished and a Purchase Order may be accepted by the execution of the Purchase Order by an authorized representative of Accuray. To the extent of any inconsistency between the Quote and the related Purchase Order, the terms and conditions of such Quote shall govern and Distributor acknowledges and agrees that Accuray shall not be bound by any terms, conditions or boilerplate language included in a Distributor purchase order submitted to Accuray. The Purchase Order shall be delivered to Accuray via fax, electronic mail, or mail at the following address:

Accuray Incorporated
ATTN: Contracts Administration
1310 Chesapeake Terrace
Sunnyvale, CA 94089
Main: (408) 716-4600
Fax: (408) 789-4205
Email: Orders@accuray.com

2.3.4. Cancellation; Amendment; Conflict. Distributor may cancel the Purchase Order if Accuray has not executed such Purchase Order within two weeks of receipt. Any amendment or addition to the Purchase Order shall only be effective if Distributor and Accuray confirm such amendment or addition in writing. To the extent of any inconsistency between a Quote or a Purchase Order and this Agreement, this Agreement shall prevail, unless such Quote or Purchase Order is signed by both the CFO or General Counsel of Accuray and the CFO of Distributor, expressly refers to this Section 2.3.4, and states that the Quote or Purchase Order is intended to supersede this Agreement.

2.4. Standard Lead Time. As of the Effective Time and to the best of Accuray's knowledge, Accuray's standard lead time for delivery of Products is six months.

3. **DUTIES OF DISTRIBUTOR**

3.1. Independent Distributor. Distributor shall be and must at all times make it clear that it is an independent entity contracting with Accuray, and is not the employee, representative or agent of Accuray. Distributor does not have the ability or authority to enter into any legal agreements or obligations that would bind Accuray in any manner.

3.2. Market Knowledge, Promotion and Sales. Distributor will develop a thorough and complete understanding of the Products and Services. Distributor will use its knowledge and understanding to identify and cultivate potential Customers. Distributor agrees to use commercially reasonable efforts to introduce, promote the sale of, and obtain orders for the Products and Services in connection with Multiple LINAC or Multi-Modality Purchases, including, without limitation, including the Products and Services in each of Distributor's

Oncology Care Systems price book and sales operation system, such that all of Distributor's sales representatives can access quotations for Products and Services at least as easily as all other systems then available for purchase from Distributor. Moreover, Distributor represents and warrants that, on the date hereof and during the Term of this Agreement and any extension thereof, it (i) possesses the knowledge, experience, skills, and ability required to properly fulfill its obligations under this Agreement; and (ii) has the required facilities, manpower, capacity, financial strength, and knowledge to market and distribute Accuray's Products and Services in connection with Multiple LINAC or Multi-Modality Purchases.

3.3. Distributor Personnel. During the Term of this Agreement and any extension thereof, Distributor agrees to use commercially reasonable efforts to employ qualified sales and technical personnel familiar with the Products and Services, including, without limitation, at least one person in Distributor's Oncology Care Systems sales group with a primary responsibility for sales of Products, to perform the marketing and sales requirements as set forth herein.

3.4. Distributor Personnel Sales Training. Distributor shall use commercially reasonable efforts to cause each of its Oncology Care Systems sales personnel with any sales duties related to the Systems to attend any training provided by Accuray in such personnel's Accuray Region pursuant to Section 4.12.

3.5. Offers. Distributor shall inform Accuray of all potential Customers for Multiple LINAC or Multi-Modality Purchases during the Term of this Agreement or any extension thereof. Distributor shall offer such potential Customers only those Products or Services described in then current price lists, and only in accordance with the applicable Customer Quote and this Agreement.

3.6. Purchase Schedule. For each sale completed by Distributor, the resulting contract for the sale of Products shall be between Distributor and the Customer and the Service Agreement, if any, shall be between Accuray and the Customer or Accuray and the Distributor, as determined pursuant to Section 4.8. For each such sale, Distributor must send a Purchase Order to Accuray at least six (6) months prior to the expected shipment date.

3.7. Customer Complaints. Distributor shall report promptly and in writing to Accuray any complaints or expressions of dissatisfaction by the Customers to Distributor relating to the Products or Services. Any such reports shall be provided to Accuray via electronic mail to the following address: complaints@accuray.com.

3.8. Warranty. Distributor will not make any warranties or representations in Accuray's name or on Accuray's behalf other than the warranty provided by Accuray pursuant to Section 4.6 unless approved in advance in writing by Accuray.

3.9. Service Agreements. Distributor will make commercially reasonable efforts to sell a Service Agreement to each Customer. For the avoidance of doubt, (i) the obligations of the parties with respect to the Service Agreement are as set forth in Sections 3.6 and 4.8 and (ii) the failure of Distributor to sell a Service Agreement to any Customer shall not be deemed to be a breach of this Agreement.

3.10. Upgrades. Any Product upgrades released by Accuray (other than Bug Fixes and Safety Updates, which are addressed in Section 4.6.3 and 4.6.4 respectively) can be purchased at the discretion of the Distributor pursuant to the procedures set forth in Section 2.3. Such

upgrades will be available at the prices listed in the then current price list as of the date of the Quote (unless prior written approval by Accuray for application of an earlier price list is obtained) for the upgrade, less any applicable discounts as specified in Exhibit A hereto.

3.11. Compliance with Laws.

3.11.1. Compliance Generally. Distributor has and will have during the Term of this Agreement and any extension thereof the ability to distribute, market and sell the Products and Services in accordance with the terms of this Agreement, in full compliance with all governmental, regulatory and other requirements under any applicable law. Furthermore, Distributor agrees to comply with all applicable international, national, regional and local laws applicable to the performance of its duties hereunder or to any transactions involving the Products or Services contemplated hereunder.

3.11.2. United States Laws. Distributor understands that, because it is distributing the Products and Services of Accuray, a corporation subject to the laws of the United States of America, Distributor must, when carrying out its duties pursuant to this Agreement, avoid violations of certain of such laws. These include, but are not necessarily limited to, the following:

3.11.2.1. Restrictive Trade Practices or Boycotts, U.S. Code of Federal Regulations Title 15, Chapter VII, Part 760.

3.11.2.2. Foreign Corrupt Practices Act, U.S. Code Title 15, § 78.

3.11.2.3. Export Controls, imposed by U.S. Executive Order or implementing regulations of the U.S. Departments of Commerce, Defense or Treasury.

3.11.3. No Illegal Activity. Neither party (nor their sub-distributors, if any ("Sub-Distributors")) shall engage in any illegal activities. A party will not be held responsible for any activities of the other party or the other party's Sub-Distributors that may be considered to be illegal. For example, neither party supports the practice of bribes or under-the-table payments. Each party will ensure a like clause is included in each agreement it has with its Sub-Distributors, and monitor activities of its Sub-Distributors closely. In the event a party deems that its good-will has been or may potentially be affected by any such illegal activity of the other party or the other party's Sub-Distributors, then such party reserves the right to terminate this Agreement or any portion thereof that relates to or is materially affected by such illegal activity with no further liability to the other party or the other party's Sub-Distributors. Such party assumes no liability for such illegal activity and the other party hereby indemnifies and holds such party, its officers and assigns, harmless from any loss, damage and liability arising from or in connection with such illegal activity.

3.12. Sales Targets. Distributor shall not be subject to any minimum purchase requirements, but shall agree to the annual sales targets set forth in Schedule 2.5(d)(i)(2) of the Strategic Alliance Agreement and to using its customary standard sales processes, including, without limitation, the MTA process, with respect to sales of Systems.

3.13. Affiliates; Distributors. Siemens shall cause any of its Affiliates or distributors purchasing Systems or Services pursuant to the terms of this Agreement to agree to be bound by and comply with the terms and conditions of this Agreement and the provisions of the Strategic Alliance Agreement related to or applicable to such purchase, unless such Affiliate or distributor is already party to a distribution agreement for Products with Accuray.

4. DUTIES OF ACCURAY

4.1. Fulfillment and Shipment.

4.1.1. Fulfillment of Executed Purchase Orders. Accuray is responsible for ensuring that the Products supplied are of good quality as further described below. Accuray will use commercially reasonable efforts to provide to Distributor or Customer, as applicable, in a timely manner those Products and Services required to fill confirmed Purchase Orders received from Distributor in accordance with the terms of this Agreement.

4.1.2. Shipment. All shipments shall be made F.C.A. Port of Oakland, California, USA. Transfer of risk from Accuray to Distributor shall occur at such F.C.A. location as provided in F.C.A. terms and transfer of title shall occur at the same time. Distributor may request Accuray to use a particular freight carrier, and Accuray agrees to do so, if feasible. If not feasible in Accuray's reasonable judgment, then Accuray shall promptly advise Distributor of the reasons. If no such request is made, Accuray shall ship in accordance with any instructions contained in the Purchase Order or via FedEx ground, with no extra insurance. Accuray shall bill any actual freight costs to Distributor. Any supplementary shipping costs arising from the need to meet the delivery deadline set forth in the Purchase Order by way of expedited delivery shall be borne by Accuray, if such delivery deadline was at least six months after the submission of such Purchase Order by Distributor. For example, if a Purchase Order was submitted on June 1, with a requested delivery date of December 1, any expedited delivery expenses required in order to ensure delivery by December 1 shall be borne by Accuray, while if the requested delivery date was October 1, any expedited delivery expenses required in order to ensure delivery by October 1 shall be borne by Distributor.

4.2. Product and Service Pricing. Accuray will provide its then current U.S. list pricing for its Products and Services to Siemens once per year during the Term of this Agreement and any extension thereof, or upon request from Siemens. All prices will be stated in US Dollars, unless another currency is agreed upon in writing by Accuray.

4.3. Product Specifications and Promotional Literature. Accuray will provide product specifications and promotional literature to Distributor from time to time during the Term of this Agreement and any extension thereof. Distributor may use product specifications and promotional literature in Distributor's dealings with Customers. Accuray may introduce changes and upgrades to the Products. Accuray will use commercially reasonable efforts to give Distributor as much advance notice of upgrades as is feasible.

4.4. Regulatory Clearance. Accuray will be responsible for and will bear all expenses related to obtaining and maintaining any approvals, permits and licenses required under any applicable law in order to sell, market and distribute the Products and Services to a Customer in

connection with Multiple LINAC or Multi-Modality Purchases, including any upgrades to or expanded usage of the Products; provided, however, that if Accuray does not have a direct presence in or Accuray does not have a distributor for the sales of Systems specifically for the country in which the Customer requests delivery, as a condition to any sale of Products or Services to such Customer, Accuray may require Distributor (solely with the consent of Distributor) to enter into a distribution agreement with Accuray pursuant to Section 3.2 of the Strategic Alliance Agreement providing, among other things, that Distributor will be responsible for obtaining all such approvals, permits, and licenses for sales to such Customer. Distributor will provide any assistance or documentation reasonably requested by Accuray and at Accuray's expenses to assist Accuray with its obligations under this Section 4.4. Accuray will be registered as the sole owner of any rights, title and interest to any of the Products or Spare Parts, as the case may be; provided, however, that should any applicable law or regulation require that Distributor alone be entitled to such ownership rights, Distributor shall hold this approval as trustee for Accuray and hereby consents to transfer or sublicense such approval to Accuray free of charge or to support Accuray in its efforts to re-obtain the approval for the benefit of Accuray or a third party named by Accuray upon expiration or termination of this Agreement. Lists indicating, as of the Effective Date, (i) the countries in which Accuray has obtained regulatory approvals for the Products and Services and (ii) the countries in which Accuray has a direct presence or has a distributor for the sales of Systems specifically for such country are being delivered to Siemens concurrently with the execution of this Agreement. Accuray shall provide to Siemens updates of such lists on a quarterly basis.

4.5. Import License. Accuray or its distributor will obtain and maintain all required import licenses, and shall serve as importer of record for all Products and Services delivered in or into any country or region, other than the United States, pursuant to this Agreement; provided, however, that if Accuray does not have a direct presence in or Accuray does not have a distributor specifically for the sales of Systems in the country in which the Customer requests delivery, as a condition to any sale of Products or Services to such Customer, Accuray may require Distributor (solely with the consent of Distributor) to enter into a distribution agreement with Accuray pursuant to Section 3.2 of the Strategic Alliance Agreement providing, among other things, that Distributor will obtain and maintain all required import licenses and will act as the importer of record for the Products and Services ordered by such Customer.

4.6. Warranty.

4.6.1. Scope of Warranty. Accuray will provide a warranty to each Customer that the Products will be free from material defects and perform substantially in accordance with the written Specifications provided by Accuray as reflected in the regulatory clearance at the time of sale for a period of one (1) year following Installation of the Products at Customer's facility, but not to exceed eighteen (18) months following shipment of such Products to Distributor (" Warranty Period"). "Installation" of the System shall occur upon completion by Accuray or the entity installing the System, as applicable, of Accuray's acceptance test procedure demonstrating that the System substantially conforms to the written Specifications. If Accuray does not perform the Installation, Distributor will notify Accuray in writing within ten (10) days following Installation (including any testing procedures undertaken by Customer or its installation service provider). In no event shall Distributor, Customer or their respective agents use the System (or any portion thereof) for any purpose before Installation thereof without the express written approval of Accuray. Distributor

shall indemnify and hold Accuray harmless from any such use. Accuray makes no warranty that the operation of any software will be uninterrupted or error-free. Except as set forth in the preceding sentences, Accuray makes no warranties or representations to Customers or to any other party regarding any Products or Services provided by Accuray. **TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ACCURAY DISCLAIMS ALL OTHER WARRANTIES AND REPRESENTATIONS, WHETHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND ANY WARRANTIES ARISING OUT OF COURSE OF DEALING OR USAGE OF TRADE.**

4.6.2. Hardware and Software. If a Customer notifies Accuray in writing during the Warranty Period of a defect in a Product that causes the Product to fail to conform to the foregoing warranty, Accuray shall at its option either repair or replace the non-conforming Product or, if in Accuray's opinion such repair or replacement is not commercially reasonable, Accuray shall refund a pro-rated portion of the price paid by the Customer for such Product calculated based on a straight-line depreciation over a 5-year period beginning on the date of delivery. This will be Accuray's sole and exclusive obligation and such Customer's sole and exclusive remedy in relation to defective Products and parts.

4.6.3. Software and Bug Fixes. Notwithstanding Section 4.6.2, for a period of 10 years following Installation of a System, Accuray will provide to Customer, without charge, Bug Fixes with respect to any software included in the System. This is Accuray's sole and exclusive obligation and Customer's and Distributor's sole and exclusive remedy in relation to defective software. By way of clarification, Accuray's sole obligation shall be to make such Bug Fixes available to Customer, and Accuray shall have no obligation (unless otherwise agreed by the Customer and Accuray) for installation or implementation of such Bug Fixes at the Customer's site. "Bug Fix" means an error correction or minor change in the existing software and/or hardware configuration that is required in order to enable the existing software and/or hardware configuration to perform to the existing functional specification(s).

4.6.4. Safety Updates. Notwithstanding Section 4.6.2 and any obligations according to law, for a period of 10 years following Installation of a System, Accuray will provide to Customer, without charge, Safety Updates with respect to any hardware or software included in the System. This is Accuray's sole and exclusive obligation and Customer's and Distributor's sole and exclusive remedy in relation to any Safety Update required to be provided by applicable law in the Customer's jurisdiction. By way of clarification, Accuray's sole obligation shall be to make such Safety Update available to Customer, and Accuray shall have no obligation (unless otherwise agreed by the Customer and Accuray) for installation or implementation of such Safety Update at the Customer's site. " Safety Update" means an error correction or change in the existing software and/or hardware configuration that is required for safety in order to enable the existing software and/or hardware configuration to perform to the existing functional specification(s) in accordance with applicable law in the Customer's jurisdiction.

4.6.5. Warranty Exclusions. All warranty replacement of Products and parts shall be limited to malfunctions which are due and traceable to defects in original material or workmanship of Products. The warranties set forth in this Section 4.6 shall be void

and of no further effect in the event of abuse, accident, alteration, misuse or neglect of Products, including but not limited to user modification of the operating environment specified by Accuray and user modification of any software.

4.6.6. Warranty Basis. Any limitation of liability under any warranty contained herein shall be an integral part of such warranty, which limits its scope (Section 444, second alternative German Civil Code shall not apply). Any limitation of liability for any defects contained herein shall be void insofar as Accuray has intentionally failed to disclose such defect.

4.7. Installation. Unless otherwise agreed by Accuray and Distributor (including, without limitation, pursuant to the terms of any distribution agreement entered into pursuant to Section 3.2 of the Strategic Alliance Agreement), Accuray shall be responsible for installation of Accuray Products at Customer sites.

4.8. Service Agreements. Accuray will provide its then current Service Agreements to Distributor from time to time during the Term of this Agreement and any extension thereof, or upon request from Distributor. All prices will be stated in US Dollars, unless another currency is agreed upon in writing by Accuray. Such Service Agreements are to be offered to the Customer on the terms as set forth in those agreements, unless otherwise agreed to in writing by an authorized representative of Accuray. Accuray shall execute a Service Agreement with the Customer upon receipt of (i) a copy of such Service Agreement executed by the Customer, and (ii) any payments then due under such Service Agreement; provided, however, that Accuray shall have no obligation to enter into such Service Agreement if it materially deviates from the form Service Agreement provided to Distributor; provided, further, that if Accuray does not have a direct presence in or Accuray does not have a distributor for the sales of Systems specifically for the country in which the Customer requests Services, as a condition to any sale of Services to such Customer, Accuray may require Distributor (solely with the consent of Distributor) to enter into a distribution agreement with Accuray pursuant to Section 3.2 of the Strategic Alliance Agreement providing, among other things, that Distributor may (at its sole discretion) enter into such Service Agreement with such Customer and will provide directly to such Customer the Services required to be performed under such Service Agreement. If Accuray enters into such Service Agreement with such Customer, Accuray will be responsible for and will provide to such Customer (either directly or through one or more of its distributors) the services required to be performed under such Service Agreement.

4.9. Customer Training. If training of Customer's personnel is included in a Purchase Order confirmed by Accuray, Accuray will provide such training in accordance with Accuray's then current training offerings and will coordinate with the Customer in order to provide such training at Accuray's facility in Sunnyvale, California (or such other facility as may be agreed upon by Customer and Accuray). For the purposes of such training, Accuray will be responsible for the travel and accommodation expenses of its personnel, while Customer shall be responsible for the travel and accommodation expenses of its personnel. All Customer training provided by Accuray will be conducted in English and, to the extent a Customer or its personnel do not have adequate English language reading and comprehension skills, Accuray will provide an interpreter and translation services sufficient to enable the Customer and its personnel to meaningfully and effectively participate in Accuray training courses.

4.10. Customer Support. Unless otherwise agreed by Accuray and Distributor (including, without limitation, pursuant to the terms of any distributorship agreement entered into pursuant to Section 3.2 of the Strategic Alliance Agreement), Accuray will provide guidance to billing and reimbursement personnel of each Customer regarding regulatory and billing requirements and reimbursement for treatment provided with Products under radiosurgery reimbursement codes. Accuray will coordinate and assist the Customer with room evaluation, architecture support and quality assurance issues in relation to Customer installation sites.

4.11. Additional Support and Training. Accuray will provide additional service, support, or training in relation to Products or Services at Customer's request, to be ordered separately and directly from Accuray, and priced on a time and materials basis according to Accuray's then current price lists.

4.12. Distributor Personnel Sales Training. Accuray shall provide training of Distributor's sales personnel responsible for sales of Products and Services to Distributor free of charge. Such training shall be at the times, in such locations, and in the scope agreed upon by Distributor and Accuray in good faith; provided, however, that such training shall be provided to such Distributor personnel in each Accuray Region at least once per year. Each party shall be responsible for all costs and expenses, including travel and lodging, incurred by it or its personnel to attend or provide such training. Accuray will provide additional training to Distributor's personnel as may be reasonably requested by Distributor on a time and materials basis according to Accuray's then current price lists.

4.13. Support of Distributor's Efforts. Accuray shall, at its own expense:

4.13.1. assign a dedicated marketing point of contact for Distributor's marketing and sales personnel, which employee may be based at any of Distributor's facilities as requested by the Steering Committee; and

4.13.2. provide global sales and marketing support, including support for individual sales opportunities, to Distributor; provided, however, that the scope, duration, location, availability, and timing of such support shall be subject to commercially reasonable limits and shall be determined pursuant to Section 3.3(a)(iii) of the Strategic Alliance Agreement.

4.14. Compliance with Laws. Accuray will be responsible for complying with (i) applicable U.S. laws, (ii) where Products are being shipped to Distributor and unless otherwise agreed by Accuray and Distributor, applicable laws, codes, registrations, regulations, and ordinances related

to the export of the Products to Distributor, and (iii) any other applicable laws as they pertain to the Products, the regulatory clearance, and safety in accordance with Accuray's written Specifications for the intended use. In addition, Accuray shall be responsible for compliance with any applicable law, code, registration, regulation, and ordinance related to the export of the Products or Services to Customer and/or Distributor, if any (the "Export Regulations"), and Accuray shall be liable for any expenses and/or damages incurred by Distributor due to any non-compliance with such Export Regulations by Accuray (unless Accuray is not responsible for such non-compliance). Accuray shall advise Distributor in writing within two weeks of the confirmation of the Purchase Order of any information or data required by Accuray to comply with an Export Regulation, including without limitation:

(a) All applicable export list numbers, including the Export Control

Classification Number according to the U.S. Commerce Control List (ECCN);

(b) The statistical commodity code according to the current commodity classification for foreign trade statistics and the HS (Harmonized System) coding;

(c) The country of origin (non-preferential origin); and

(d) Accuray's declaration of preferential origin (in case of European suppliers) or preferential certificates (in case of non-European suppliers).

4.15. Spare Parts. Upon a termination of this Agreement, Accuray shall continue to make available to Customers support services on commercially reasonable terms, including, without limitation, spare parts for the Systems for a minimum period of 10 years after the last shipment of a System pursuant to this Agreement.

5. COMPENSATION AND PAYMENT

5.1. Orders. Distributor shall make an offer to a Customer based on the Quote provided by Accuray pursuant to the process set forth in Section 2.3. Submission and acceptance of an order shall be completed pursuant to Section 2.3.3.

5.2. Purchase Price.

5.2.1. Distributor shall pay the prices listed in the applicable Purchase Order (unless prior written approval by Accuray for application of an earlier price list is obtained) for the Products, including any Spare Parts, less any applicable discounts as specified in Exhibit A hereto. Distributor shall receive a commission in the amount specified in Exhibit A hereto for any Service Agreement entered into by Accuray with Customer pursuant to Section 4.8.

5.2.2. All costs of delivering the Products to the Distributor or Customer (including, but not limited to, costs for land, air and/or ocean freight, insurance, port, customs and forwarding fees, if any), as well as any rigging and unloading of the Products, shall be paid as provided in the F.C.A. terms. Unless advised otherwise, all prices quoted by Accuray include the cost of packing and crating for delivery.

5.2.3. Taxes. By way of clarification, all Accuray prices referenced in this Agreement, and all other amounts payable by Distributor to Accuray pursuant to this Agreement are net of any value added tax or federal, state, county or municipal sales or use tax, excise or similar charge, withholding tax, or other tax assessment (except for any taxes that are assessed against income) (collectively, the "Taxes"). The parties agree that it is their intention that Accuray will not bear any economic burden relating to the Taxes. Subject to the foregoing and to compliance with applicable laws, Accuray and Distributor agree to cooperate with each other as reasonably requested to establish the responsibilities of the parties relating to the payment and withholding of Taxes, filing of documents, and other matters in order to achieve an efficient tax result.

5.3. Compensation. Except as otherwise provided herein, Distributor's only compensation for its efforts on Accuray's behalf shall be the margins it earns on the resale of Products and

commissions on sales of Services, and Distributor shall bear all of the expenses which it incurs in making those efforts. Notwithstanding the foregoing, in the event that Accuray does not approve the issuance of a Quote to a potential Customer and later contracts directly (or through one of its distributors) with such potential Customer, of which Accuray shall inform Distributor without undue delay, Distributor shall receive credit for any sales of Systems to such potential Customer pursuant to and subject to the fulfillment of the conditions set forth in Section 3.4 of the Strategic Alliance Agreement.

5.4. Payment.

5.4.1. System Purchase Payments. Payment for the purchase of a System shall be made by Distributor to Accuray in US Dollars in the form of either (1) an irrevocable trade finance letter of credit or (2) wire transfer as further described in Sections 5.4.1.1 (Letter of Credit) and 5.4.1.2 (Wire Transfer), respectively below. Accuray shall bear the cost of any bank charges assessed by its bank for a letter of credit and any commission charge for a wire transfer. Past due balances on any reasonably undisputed amount shall bear interest at the rate of 0.5% per month or, if lower, the maximum amount permitted by applicable law. If Distributor is a "business person" (as defined in § 14 of the German Civil Code, "BGB"), the payment shall be deemed past due only if Distributor fails to pay in response to a payment demand note received after payment becomes due.

5.4.1.1. Letter of Credit. An irrevocable trade finance letter of credit issued by Distributor's bank, confirmed by a bank designated by Accuray in all respects and delivered to Accuray upon the acceptance of the Purchase Order by Accuray. The letter of credit will provide that Accuray can draw against the letter of credit according to the following schedule:

5.4.1.1.1. US $100,000 (non-refundable but, in case of cancellation of the Purchase Order, automatically applied to Distributor's next purchase of a System) upon Accuray's acceptance of the Purchase Order, which must be at least four (4) months prior to the Distributor's proposed shipment date; and

5.4.1.1.2. Balance upon presentation of documents by Accuray evidencing shipment of the Products to Distributor or Customer as designated in the Purchase Order.

5.4.1.2. Wire Transfer. A wire transfer made in advance of the date payment is due, made in U.S. dollars, to a bank selected by Accuray, according to the following schedule:

5.4.1.2.1. US $100,000 (non-refundable but, in case of cancellation of the Purchase Order, automatically applied to Distributor's next purchase of a System) upon Accuray's acceptance of the Purchase Order, which must be at least four (4) months prior to the Distributor's proposed shipment date; and

5.4.1.2.2. The remaining balance is due net 30 days after delivery by Accuray at the specified F.C.A. location pursuant to Section 4.1.2 and receipt by Distributor of a reasonably undisputed invoice.

5.4.1.3. Tax Exempt Status. In the event that Customer claims tax exempt status in the country where the Accuray System is to be installed, Customer must provide Accuray with sufficient evidence of such tax exempt status prior to delivery of the Accuray System.

5.4.2. Products, Spare Parts and Upgrade Payments. Full payment of the purchase price for Products (other than Systems), Spare Parts and upgrades shall be made by Distributor to Accuray in US Dollars by wire transfer to a bank selected by Accuray and is due net 30 days after delivery by Accuray at the specified F.C.A. location pursuant to Section 4.1.2 and receipt by Distributor of a reasonably undisputed invoice. Accuray shall bear the cost of any commission charge for a wire transfer.

5.4.3. Payments by Customers Direct to Accuray. If agreed to in writing by Accuray, Customers may make payments directly to Accuray using the payment methods and schedules set forth in Sections 5.4.1.1 (Letter of Credit), 5.4.1.2 (Wire Transfer) and 5.4.2 (Products, Spare Parts and Upgrade Payments) above. Should Customers make such payments to Accuray and such payment include the Distributor's margin, then Accuray will pay such margin to Distributor once payment is received from the Customer and cleared by Accuray's designated bank.

5.5. Collections. Notwithstanding Section 5.4.3 above, Distributor shall be solely responsible for determining the creditworthiness of and collecting payment from its Customers. The risk of non-collection from the Customer will be borne entirely by Distributor, which shall be responsible for making timely payment to Accuray for Products whether or not Distributor is successful in collecting from its Customer. In the event that full payment is not received by Accuray, Accuray shall not be liable to Distributor for any margin or commission unless and until it has received payment of amounts sufficient to cover the costs incurred by Accuray to provide the applicable Products to Distributor and the applicable Services to Customer ("Accuray Cost"). Distributor acknowledges and agrees that it shall not be entitled to receive payment of any margin or commission until Accuray has received payment of the Accuray Cost amount in relation to the applicable Products and Services.

6. TERM AND TERMINATION

6.1. Term. Unless otherwise agreed in writing by Accuray and Distributor and subject to the termination rights contained in this Agreement, this Agreement shall begin on the Effective Date and shall continue until the termination of the Strategic Alliance Agreement; provided, however, that if a Termination Election relating to this Agreement is made pursuant to Section 10.3 of the Strategic Alliance Agreement prior to such termination, this Agreement shall terminate 36 months after such Termination Election (the "Term").

6.2. Termination.

6.2.1. Breach. If either party commits a material breach of a material provision of this Agreement, if such breach was not excused as a force majeure pursuant to Section 12.12, and if the breaching party has not cured such breach to the other party's

reasonable satisfaction within 30 days after written notice from the other party specifying the nature of such breach, then the other party shall have the right to terminate this Agreement upon delivery of written notice to the breaching Party.

6.2.2. Bankruptcy. A party may terminate this Agreement effective upon delivery of written notice to the other party if: (i) any assignment for the benefit of the other party's creditors is made, (ii) the other party voluntarily files a petition in bankruptcy or similar proceeding, (iii) the other party has such a petition in bankruptcy or similar proceeding involuntarily filed against it, (iv) the other party is placed in an insolvency proceeding, (v) if an order is entered appointing a receiver or trustee of the other party, or (vi) a levy or attachment is made against a substantial portion of the other party's assets, and, with respect to any event set forth in clauses (iii) through (vi) above, such position, placement, order, levy or attachment is not dismissed or removed within 30 days from the date of such event.

6.3. Effect of Termination. Upon expiration of the Term (or other termination of this Agreement):

6.3.1. Transition of Activities. Accuray and Distributor agree to negotiate in good faith an orderly transition of Distributor's distribution responsibilities and activities to Accuray or a third party designated by Accuray and Distributor agrees to assist in the transition.

6.3.2. Pending Obligations. Each party must continue to fulfill any obligations, including but not limited to pending Quotes, accrued before the effective date of such termination.

6.3.3. Return of Materials. Distributor shall transfer to Accuray upon Accuray's request: any regulatory clearances, licenses or permits obtained for conduct of the business pursuant to this Agreement; any Confidential Information; and other items as negotiated in good faith between the parties. Furthermore, each of the parties agree to cooperate fully with the other for any reasonable transition assistance required in the case of termination or expiration of this Agreement.

6.4. No Termination Compensation. Distributor waives any rights it may have to receive any compensation or indemnity upon termination or expiration of this Agreement, other than as expressly provided in this Agreement. Distributor acknowledges that it has no expectation and has received no assurances that any investment by Distributor in the promotion of the Products will be recovered or recouped or that Distributor will obtain any anticipated amount of profits by virtue of this Agreement.

6.5. Accruals. No termination or expiration of this Agreement will terminate any obligation of payment which has accrued prior to the effective date of such termination or expiration.

7. **DISPUTE RESOLUTION.** Any contractual issues or disputes arising out of or related to this Agreement shall be resolved pursuant to the procedures set forth in Section 11.3 of the Strategic Alliance Agreement.

8. **CONFIDENTIALITY.** Accuray and Distributor agree that all Confidential Information furnished to a party or its Affiliates, employees, consultants, and advisors in connection with this Agreement will

be subject to and the parties' rights and obligations with respect to such Confidential Information shall be governed by the Confidentiality Agreement.

9. **INTELLECTUAL PROPERTY RIGHTS.**

9.1. Notice of Infringement. Distributor undertakes to inform Accuray without undue delay if it first becomes aware of any possible infringement by third parties of Accuray's proprietary rights, including, without limitation, a duplication of the Products or any other patent, trademark or copyright or other infringement of Accuray's intellectual property rights in connection with the Products, and to cooperate with Accuray at Accuray's sole expense regarding any legal action in relation to such infringement, which in Accuray's judgment, is necessary or desirable.

9.2. Third Party Claims. If Distributor promptly notifies Accuray of a claim it has received or of which it becomes aware that the Products or any part thereof purchased by Distributor hereunder infringes a third party's proprietary rights, then Accuray agrees, at its discretion, either to (i) defend the claim at its expense, with the cooperation of Distributor, provided, that Accuray shall reimburse Distributor for any reasonable costs or expenses actually incurred by Distributor in connection with providing such cooperation, or (ii) make changes in the Product or part thereof so that they are at least functionally equivalent and non-infringing or replace the Products with alternatives that are at least functionally equivalent to avoid the claim, or (iii) purchase the right to use such proprietary right or (iv) refund to the purchaser the net book value of the Product less a reasonable deduction for use, wear and tear, and depreciation upon Accuray taking possession of such Product. Notwithstanding Section 10.1, the foregoing states the entire liability of Accuray with respect to infringement of patents or other proprietary rights by the Products or part thereof, or by their operation. To remove all doubt, Accuray has no obligation regarding any claim based on any of the following: (a) modification of the Products by any person other than Accuray; (b) combination, operation or use of the Products with other products, parts, components, materials or accessories not provided by Accuray; or (c) infringement by a product not manufactured by Accuray.

9.3. Intellectual Property Ownership and License. Accuray and its licensors retain all intellectual property rights in the Products. Accuray hereby grants Distributor or Customer a nonexclusive, non-transferable, royalty-free right to use the software provided in connection with the Products only in machine readable form and only in combination with the Products with which such software is provided. No such software shall be copied or decompiled in whole or in part by Distributor or Customer, and Distributor or Customer shall not disclose or provide any such software, or any portion thereof, to any third party. Accuray hereby grants to Customers of Products a non-exclusive, non-transferable and royalty-free license under any Patents owned by Accuray or the licensing of which is controlled by Accuray that, but for this license, would be infringed by the use of such Products in accordance with the applicable Specification. All rights in intellectual property not expressly granted hereunder are reserved by the owner of such intellectual property.

9.4. Product Labeling. Products shall be labeled and identified at point of manufacture. Accuray shall be responsible for compliance with all applicable local laws and regulations relating to labeling. Such labeling and identification shall be only as acceptable to Accuray and may be altered or added to by Distributor only as previously agreed upon in writing by Accuray. The failure of Distributor to comply with these provisions shall be considered a material default under the terms of this Agreement.

9.5. Trademarks. Distributor acknowledges the validity and proprietary value of Accuray's trademarks including, but not limited to, "CyberKnife." Accuray shall retain sole ownership of all goodwill associated with the Products, as represented and symbolized by the associated trademarks, and Distributor shall not register any of Accuray's trademarks in its name. Distributor undertakes to display Accuray's trademarks solely in connection with identifying Accuray in the sale and marketing of Products hereunder. Distributor shall not remove copyright notices or any trademarks from the Products. Distributor shall not be entitled to use said trademarks in conjunction with Distributor's own trademarks or for any other purpose, except in the manner authorized by Accuray, which authorization will not be unreasonably withheld and in compliance with distribution standards and specifications established by Accuray. If Accuray determines in its sole discretion that Distributor is not meeting such standards and specifications, Distributor shall immediately, at Accuray's instructions, take all steps necessary to ensure that such standards and specifications are met or cease all further use and display of the trademarks. In the event of expiration or termination of this Agreement, Distributor shall immediately discontinue all use of Accuray's trademarks except for the sale of Distributor's inventory of Products.

10. **INDEMNITIES.**

10.1. Accuray Indemnity. Accuray will defend or settle any action brought against Distributor and shall indemnify and hold Distributor harmless from any liability, damages and expenses (including court costs and reasonable attorneys' fees) to the extent that it is based upon a third-party claim that a Product, as provided by Accuray to Distributor under this Agreement, infringes any patent issued in the United States, Germany, or in the country in which the Customer requested delivery of the Product or any copyright or misappropriates any trade secret, and will pay any costs and damages made in settlement or awarded against Distributor in final decision resulting from any such claim, provided that Distributor: (i) gives Accuray prompt notice of any such claim; (ii) gives Accuray sole control of the defense and any related settlement of any such claim; and (iii) gives Accuray, at Accuray's expense, all reasonable information, assistance and authority in connection with the foregoing. Accuray will not be bound by any settlement or compromise that Distributor enters into without Accuray's express prior written consent.

10.2. Products Liability Indemnity. Accuray will defend or settle any action brought against Distributor and shall indemnify and hold Distributor harmless from any liability, damages and expenses (including court costs and reasonable attorneys' fees) to the extent that it is based upon a third-party claim that a Product, as provided by Accuray to Distributor under this Agreement is unsafe when used according to Accuray's written Specifications for its intended use, and will pay any costs and damages made in settlement or awarded against Distributor in final decision resulting from any such claim, provided that Distributor: (i) gives Accuray prompt notice of any such claim; (ii) gives Accuray sole control of the defense and any related settlement of any such claim; and (iii) gives Accuray, at Accuray's expense, all reasonable information, assistance and authority in connection with the foregoing. Accuray will not be bound by any settlement or compromise that Distributor enters into without Accuray's express prior written consent.

10.3. Injunctions. If Distributor's rights to use and distribute a Product under the terms of this Agreement are, or in Accuray's opinion are likely to be, enjoined due to the type of claim specified in Section 10.1 (Accuray Indemnity), then Accuray may, at its sole option and expense: (i) procure for Distributor the right to continue to use and distribute such Product under the terms of this Agreement; (ii) replace or modify such Product so that it is non-

infringing; or (iii) if options (i) and (ii) above cannot be accomplished despite Accuray's reasonable efforts, then Accuray or Distributor may terminate this Agreement with respect to such Product and Accuray shall credit to Distributor a pro-rated portion of the amount paid for such Product based on a straight-line depreciation calculated over a 5-year period beginning on the date of delivery of the Product, provided that all units of such Product are returned to Accuray in an undamaged condition.

10.4. Indemnity Exclusions. Notwithstanding the foregoing, Accuray will have no obligation under Sections 10.1 (Accuray Indemnity) or 10.2 (Products Liability Indemnity) for any third-party claim to the extent that such claim results from: (i) use of any Products not in accordance with Accuray's written Specifications; (ii) use or combination of the Products with other items, such as other equipment, processes, programming applications or materials not furnished by Accuray; (iii) compliance by Accuray with Distributor's or Customers' designs, specifications or instructions; (iv) modifications to a Product not made by or at the express written direction of Accuray; (v) Distributor's failure to use updated or modified Products provided by Accuray, provided that such updated or modified Products would have avoided the basis for such claim; or (vi) Distributor's use or distribution of a Product other than in accordance with this Agreement. The foregoing clauses (i) to (vi) are referred to collectively as "Indemnity Exclusions".

10.5. Limitation. WITHOUT AFFECTING STRICT PRODUCT LIABILITY UNDER MANDATORY APPLICABLE LAW, THE FOREGOING PROVISIONS OF THIS SECTION SET FORTH ACCURAY'S SOLE AND EXCLUSIVE LIABILITY AND DISTRIBUTOR'S SOLE AND EXCLUSIVE REMEDY FOR ANY CLAIMS OF INFRINGEMENT OR MISAPPROPRIATION OF INTELLECTUAL PROPERTY RIGHTS OR PROPRIETARY RIGHTS OF ANY KIND.

10.6. Distributor Indemnity. Distributor will defend or settle, indemnify and hold Accuray harmless from any liability, damages and expenses (including court costs and reasonable attorneys' fees) to the extent based upon a third-party claim based on or otherwise attributable to: (i) Distributor's acts or omissions not in accordance with this Agreement or (ii) any misrepresentations made by Distributor with respect to Accuray or the Products or Services.

11. **LIABILITY.**

11.1. Liability for Death or Injury. The liability of any party with respect to death or injury to any person is subject to and governed by the provisions of applicable law.

11.2. Limitation on Liability. WITHOUT AFFECTING STRICT PRODUCT LIABILITY UNDER MANDATORY APPLICABLE LAW, SECTION 10, OR THE RESPECTIVE OBLIGATIONS OF THE PARTIES UNDER THE CONFIDENTIAILITY AGREEMENT AND EXCEPT FOR BREACHES ASSOCIATED WITH THE UNAUTHORIZED USE OF INTELLECTUAL PROPERTY, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR SPECIAL, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR TORT DAMAGES, INCLUDING WITHOUT LIMITATION, ANY DAMAGES RESULTING FROM LOSS OF USE, LOSS OF DATA, LOSS OF PROFITS OR LOSS OF BUSINESS ARISING OUT OF OR IN CONNECTION WITH THE MATTERS CONTEMPLATED BY THIS AGREEMENT, WHETHER OR NOT A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

11.3. Liability Cap. Without affecting Section 10 or the respective obligations of the parties under the Confidentiality Agreement and except for any liability (i) relating to any breach associated with the unauthorized use of Intellectual Property, (ii) arising from the intentional breach or willful misconduct of a party, or (iii) arising from the non-compliance with any mandatory applicable law or regulation, the total aggregate liability of one party to another party for any claim relating to any breach of this Agreement (or any Purchase Order or other agreement entered into in connection with this Agreement) (a "Claim") shall be limited to the aggregate amount of the purchase prices paid by Distributor to Accuray for Products pursuant to this Agreement (or any Purchase Order or other Agreement entered into in connection with this Agreement) during the twelve calendar months preceding the date of the notification to the other party of such Claim less any amounts paid or payable in respect of any other Claim of which the other party was notified during such twelve month period.

11.4. Notice; No Waiver. Each party shall not unreasonably delay notification to the other party of any Claim. Nothing in this Section 11 shall be deemed a waiver by any party of any right to injunctive relief to the extent it is available to such party.

12. **MISCELLANEOUS PROVISIONS**

12.1. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the Federal Republic of Germany excluding the United Nations Convention on Contracts of International Sale of Goods (CISG) and the provisions of German private international law.

12.2. Modification. Notwithstanding any provision to the contrary in this Agreement, Distributor and Accuray may agree, by execution of a written agreement, to modify any term or provision of this Agreement, including, without limitation, the duties of the parties, the Quote and Purchase Order approval procedure, the pricing of the Products and Services, and the payment terms, with respect to any single or number of Customer opportunities, Quotes, or Purchase Orders.

12.3. Publicity. Both parties may not use the other party's name or trademarks on its literature, signs, or letterhead, nor may it make press releases or other public statements disclosing its relationship under this Agreement or otherwise without the prior written consent of the other party, which shall not be unreasonably withheld or delayed.

12.4. Goodwill. Distributor agrees that it will help develop and work to preserve the goodwill of Accuray, and will not unreasonably harm that goodwill. In the event of termination of this Agreement for any reason, Distributor will not do anything to unreasonably harm the goodwill of Accuray.

12.5. Titles. Titles of the various paragraphs and sections of this Agreement are for ease of reference only and are not intended to change or limit the language contained in those paragraphs and sections.

12.6. Assignment. Neither this Agreement, nor any of the rights, interests, or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise, by any party without the prior written consent of the other party, and any such assignment without such prior written consent shall be null and void; provided, however, that this Agreement may be assigned by a Party in connection with a Change in Control of such party, subject to the specific termination and other rights set forth in the Strategic

Alliance Agreement upon such Change in Control; provided, further, that Siemens may assign its rights and obligations under this Agreement to any Distributor that agrees, in writing, to be bound by and comply with the terms and conditions of this Agreement and the provisions of the Strategic Alliance Agreement, provided, that no such assignment shall relieve Siemens of its obligations hereunder or thereunder if such Distributor does not perform such obligations. Subject to the foregoing, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and permitted assigns.

12.7. Conduct.

12.7.1. Both parties prohibit the harassment of their employees and contractors in any form. They consider harassment of, or discrimination against, their employees and affiliated persons a very serious matter and will investigate all complaints of inappropriate conduct. Where the investigation uncover harassment or discrimination, the other party may take reasonable corrective action, including, without limitation, termination of this Agreement for material breach.

12.7.2. During the Term, Accuray shall comply, in all material respects, with Siemens' Code of Conduct, attached hereto as Exhibit B (the "Code of Conduct"). Siemens shall give Accuray written notice of any change to its Code of Conduct as soon as reasonably practicable.

12.7.3. During the Term, Distributor shall comply, in all material respects, with the Business Conduct Guidelines of Siemens and all other Siemens internal regulations and guidelines.

12.8. Quality Assurance Agreement. During the Term and in connection with its performance of its duties under this Agreement, Accuray shall comply, in all material respects, with Siemens' Quality Assurance Agreement attached hereto as Exhibit C, with the exception of any provisions thereof related to barcoding.

12.9. Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, (b) if by facsimile, upon written or electronic confirmation of receipt (if sent during business hours of the recipient, otherwise on the next business day following such confirmation), (c) on the first business day following the date of dispatch if delivered utilizing a next-day service by a recognized next-day courier, (d) on the earlier of confirmed receipt or the fifth business day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notice hereunder shall be delivered to the addresses set forth below:

To Accuray:	To Distributor:
Accuray Incorporated	Siemens AG
Attention: Chief Financial Officer	Henkestr. 127
1310 Chesapeake Terrace	91054 Erlangen
Sunnyvale, CA 94089	Germany
Facsimile: +1 (408) 789-4205	Attn: Healthcare General Counsel, Ritva Sotamaa
with cc to: General Counsel	Facsimile: + 49/931 - 84 - 8807

12.10. Waiver. The waiver of any breach or default of any provision of this Agreement will not constitute a waiver of any other right hereunder or of any subsequent breach or default.

12.11. Severability. If any provision of this Agreement is held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions of the Agreement will remain in full force and effect, and the provision affected will be construed so as to be enforceable to the maximum extent permissible by law.

12.12. Survival. The expiration or termination of this Agreement for any reason will not release either party from any liabilities or obligations set forth herein which (i) the parties have expressly agreed will survive any such expiration or termination; or (ii) remain to be performed or by their nature would be intended to be applicable following any such termination or expiration. In addition to the foregoing, the following provisions shall survive any termination or expiration of this Agreement: Section 3.8 (Warranty); Section 3.11 (Compliance with Laws); Section 4.6 (Warranty); Section 6.2 (Effect of Termination); Section 6.3 (No Termination Compensation); Section 6.4 (Accruals); Section 7 (Dispute Resolution); Section 8 (Confidentiality); Section 9 (Intellectual Property Rights); Section 10 (Indemnities), Section 11 (Liability) and Section 12 (Miscellaneous Provisions).

12.13. Force Majeure. Neither party will be responsible for any failure or delay in its performance under this Agreement (except for the payment of money) due to causes beyond its reasonable control, including, but not limited to, labor disputes, strikes, lockouts, shortages of or inability to obtain labor, energy, raw materials or supplies, war, acts of terror, riot, acts of God or governmental action.

12.14. Amendments. Any amendment or modification of this Agreement must be made in writing and signed by duly authorized representatives of each party. For Accuray, a duly authorized representative must be any of the following: CEO, CFO, General Counsel or Associate General Counsel.

12.15. English Language Requirement. This Agreement is written in the English language as spoken and interpreted in the United States of America, and such language and interpretation shall be controlling in all respects.

12.16. Foreign Currency. Distributor acknowledges and agrees that it shall assume all risk associated with any fluctuation of foreign currency exchange rates associated with its pricing of Products and Services to Customers in a currency other than US Dollars. All payments made by Distributor to Accuray shall be in US Dollars.

12.17. Entire Agreement. This Agreement and the Strategic Alliance Agreement contain the entire agreement of the parties hereto with respect to the subject matter hereof, and supersedes all prior understandings, representations and warranties, written and oral. If any part of the terms and conditions stated herein are held void or unenforceable, such part will be treated

as severable, leaving valid the remainder of the terms and conditions. In case of any contradiction between this Agreement and the Strategic Alliance Agreement, the terms of this Agreement shall prevail.

12.18. Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the Effective Date by their duly authorized representatives. The parties acknowledge and agree that this Agreement does not become effective until it has been signed by all parties indicated below.

DISTRIBUTOR:		**ACCURAY INCORPORATED:**	
By:	/s/ Christian Klaussner	By:	/s/ Euan Thompson
Print name:	Christian Klaussner	Print name:	Euan Thomson
Title:	HIM OCS CFO	Title:	President and Chief Executive Officer
Date:	June 8, 2010	Date:	June 7, 2010
By:	/s/ Holger Schmidt	By:	/s/ Darren Milliken
Print name:	Holger Schmidt	Print name:	Darren Milliken
Title:	HIM OCS CEO	Title:	Senior Vice President and General Counsel
Date:	June 8, 2010	Date:	June 7, 2010

SCHEDULE 2.3.2

ACCEPTANCE PROCESS

- Accuray shall have 5 Business Days from date of the submission of a proposed Multiple LINAC Purchase or Multi-Modality Purchases by Siemens in which to either give or withhold approval of such purchase, with any failure to approve or disapprove of such purchase in such period constituting disapproval;

- Such approval may be given by either Accuray's applicable General Regional Manager or a corporate representative of Accuray, expressly designated with such approval authority in writing by Accuray to Siemens;

- Siemens' shall provide any information concerning such proposed purchase and the proposed purchaser as is reasonably requested by Accuray;

- Such approval of any such proposed purchase must not be unreasonably withheld or delayed;

- In determining whether to grant such approval, Accuray may consider, at a minimum:

    - Existing exclusivity arrangements between Accuray and Third Parties;

    - Prior and current contact with the proposed purchaser by either Party;

    - Other commercial relationships that either Party may have with the proposed purchaser;

    - Bona fide concerns about the suitability of the proposed purchaser; and

    - Whether Accuray or any of its distributors have obtained any required regulatory clearances and/or import licenses required in connection with the proposed purchase.

EXHIBIT A

DISTRIBUTOR DISCOUNTS ON PRODUCTS AND SERVICES

Discount Type	List Price Range USD	Volume Discount	Distributor Discount*
Volume Discounts - Tier # 1	{*****}	{*****}	{*****}
Volume Discounts - Tier # 2	{*****}	{*****}	{*****}
Volume Discounts - Tier # 3	{*****}	{*****}	{*****}
Volume Discounts - Tier # 4	{*****}	{*****}	{*****}
Volume Discounts - Tier # 5	{*****}	{*****}	{*****}
Volume Discounts - Tier # 6	{*****}	{*****}	{*****}
Volume Discounts - Tier # 7	{*****}	{*****}	{*****}
Volume Discounts - Tier # 8	{*****}	{*****}	{*****}
Volume Discounts - Tier # 9	{*****}	{*****}	{*****}
Volume Discounts - Tier # 10	{*****}	{*****}	{*****}
Volume Discounts - Tier # 11	{*****}	{*****}	{*****}
Volume Discounts - Tier # 12	{*****}	{*****}	{*****}

* Siemens distributor channel discount.

Siemens Bundled Sales Price= (List Price (1- (Volume Discount + Distributor Discount))

EXHIBIT B

SIEMENS CODE OF CONDUCT

SIEMENS

Code of Conduct for Siemens Suppliers

This Code of Conduct defines the basic requirements placed on Siemens' suppliers of goods and services concerning their responsibilities towards their stakeholders and the environment. Siemens reserves the right to reasonably change the requirements of this Code of Conduct due to changes of the Siemens Compliance Program. In such event Siemens expects the supplier to accept such reasonable changes.

The supplier declares herewith:

- **Legal compliance**
  - to comply with the laws of the applicable legal system(s).
- **Prohibition of corruption and bribery**
  - to tolerate no form of and not to engage in any form of corruption or bribery, including any payment or other form of benefit conferred on any government official for the purpose of influencing decision making in violation of law.
- **Respect for the basic human rights of employees**
  - to promote equal opportunities for and treatment of its employees irrespective of skin color, race, nationality, social background, disabilities, sexual orientation, political or religious conviction, sex or age;
  - to respect the personal dignity, privacy and rights of each individual;
  - to refuse to employ or make anyone work against his will;
  - to refuse to tolerate any unacceptable treatment of employees, such as mental cruelty, sexual harassment or discrimination;
  - to prohibit behavior including gestures, language and physical contact, that is sexual, coercive, threatening, abusive or exploitative;
  - to provide fair remuneration and to guarantee the applicable national statutory minimum wage;
  - to comply with the maximum number of working hours laid down in the applicable laws;
  - to recognize, as far as legally possible, the right of free association of employees and to neither favor nor discriminate against members of employee organizations or trade unions.
- **Prohibition of child labor**

- to employ no workers under the age of 15 or, in those countries subject to the developing country exception of the ILO Convention 138, to employ no workers under the age of 14.

- **Health and safety of employees**

  - to take responsibility for the health and safety of its employees;
  - to control hazards and take the best reasonably possible precautionary measures against accidents and occupational diseases;
  - to provide training and ensure that employees are educated in health and safety issues;
  - to set up or use a reasonable occupational health & safety management system(1)

- **Environmental protection**

  - to act in accordance with the applicable statutory and international standards regarding environmental protection;
  - to minimize environmental pollution and make continuous improvements in environmental protection;
  - to set up or use a reasonable environmental management system(1)

- **Supply chain**

  - to use reasonable efforts to promote among its suppliers compliance with this Code of Conduct;
  - to comply with the principles of non discrimination with regard to supplier selection and treatment.

(1) For further information see www.siemens.com/procurement/cr/code-of-conduct

EXHIBIT C

SIEMENS QUALITY ASSURANCE AGREEMENT

Please see attached.

SIEMENS

For internal use only

Quality Requirement Med

Identification of Products and basic requirements for packaging Requirements for Suppliers

QR Med 1 A1

Siemens Medical Solutions and affiliated Companies

Issued by Med Quality Management & Regulatory Affairs

Released 2007-09-28 by the Med Quality Steering Board (QSB)
Valid from 2007-11-01

04798372 AND 02S 04

Contents

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Reviewer:
Volker Glahn QM&RA
Philippe Hoxter CSQ

1 Purpose and scope

For Siemens Medical Solutions it is a basic requirement that any part, component or system is identified the same way worldwide. This document lists the minimum requirements for suppliers of Siemens Medical Solutions describing

- how parts, components and systems are identified with their attributes and
- how attributes are labeled both as plain text as well as barcode on products and its packaging. Detailed specifications with regards to the labeling of products are defined for the individual product concerned.

2 Definitions and abbreviations

2.1 Material No.

The Siemens Medical Solutions Material No. is used to uniquely identify products (parts, components and systems). It consists of an 8-digit identification no. assigned by Siemens Medical Solutions.

Previously, the term “Part no.” was also used; it is replaced by the term “Material No.”.

2.2 Revision

The Revision (abbreviated “Rev.”) serves to distinguish between different update statuses of hardware. It is assigned by Siemens Medical Solutions.

The English term “Revision” replaces the German term “Erzeugnisstand” (abbreviated “ES”) and “Ausführungsstand” (abbreviated “AS”).

2.3 Serial No.

The Serial No. is an identifying attribute used to uniquely identify hardware or software with the same Material No. .

For suppliers the Serial No. can consist of up to 15 alphanumeric digits; it is however recommended to use only a 6 digit numerical Serial No. where possible.

The Serial No. may contain a dash (-) or a slash (/), but no other special characters (e.g. # + * ?). Spaces, lower-case letters or language-specific characters (e.g. Ä, Ö, Ü) are **not** allowed within the Serial No. .

The characters “L”, “S*xx*L” or “S*xx*” at the end or the beginning of the Serial No. should be avoided *(xx* = any alphanumerical character).

For any Serial No. that is numeric only (i.e. has no letters) it is allowed to omit printing of leading zeros („0”).

It is recommended to use the Serial No. of the supplier if it complies with the principles described above.

2.4 Data Identifier

Data Identifiers are used **in the barcode** to indicate that the information following the Data Identifier is data of a certain attribute. The Data Identifier **enables the barcode reading program** to recognize that the following information represents a certain type of attribute.

Data Identifiers to be used:

1P	Material No.	2P	Revision (for packaging only)
S	Serial No.	Q	Quantity (for packaging only)
14D	Expiration date (for packaging only)	T	Batch (for packaging only)

2.5 Expiration date

The format of the expiration date shall be definite and specified as follows: YYYYMMDD

2.6 Batch

The batch is an alphanumeric ident number with 10 digits, used to identify parts manufactured or shipped together. Is no batch provided on the packing but required, a batch is initiated in the stock.

2.7 Shelf life

If a shelf life is defined for parts the shelf life has to be filed in calendar days. (365 days per year)

3 Reference documents

n.a.

4 Requirements

4.1 Identification of parts, components and systems

Non-serialized parts (including spare parts) and components are identified using a Material No. . If necessary, different statuses of a part, component or system can be distinguished via the Revision.

Serialized parts, components and systems are identified using the combination of Material No. and Serial No. . In addition, the Revision may be used to distinguish between different statuses of hardware.

4.2 Labeling of parts, components, systems and its packaging

In general, requirements with respect to labeling have to be defined for the product concerned. However, minimum requirements are specified in order to allow proper identification throughout all processes involved. This chapter lists those minimum requirements.

For all material numbers specified by Siemens the parts and its packaging have to be labeled according to the requirements listed below. The label depends on whether a part/component/system

- is serialized
- contains a revision level
- is classified as an IVK (“Installed Volume Component”)
- shall be handled by expiration date or batch

Siemens defines those requirements per individual Material No. .

Color	Usually white label with black printing other colors are allowed as long as barcode/plain text can be read
Barcode content	1P <Material No. > S <Serial No.>
Additionally for packaging only	2P <product Revision> Q <quantity of products in this packaging (numeric only), usually 1>

It is not allowed to label Revision and Quantity on product identification labels!

e.g.: **1P**01234567 as barcode *) (1P) Model No. 01234567

S1001 as barcode *) (S) Serial No. 1001

Each symbol structure with start and stop character including Data Identifier (e.g. "**1P**" or "**S**"), but without symbol check character.

No space allowed between Data Identifier and attribute.

It is **not** allowed to print any other information in the barcode fields described above.

Barcode type	Code 39 according to ISO/IEC 16388
Narrow element (bar or space)	Min. 0,17 mm
Ratio of wide element to narrow element	Min. 2,25 : 1
Barcode height	Min. 2 mm, typical 4mm

Plain text (below barcode)	(1P)	Model No.:	<Material No.>
	(S)	Serial No.:	<Serial No.>
Additionally for packaging only	(2P)	Revision:	<product Revision>
	(Q)	Quantity:	<quantity of products in this packaging (numeric only), usually 1>

It is not allowed to label Revision and Quantity on product identification labels!

Data Identifier (e.g. "1P" or "S") in brackets in front of data element title (e.g. ''Model No." or "Serial No.") in plain text!

e.g.: (1P) Model No.: 01234567 *) (1p) Model No. 01234567

(S) Serial No.: 1001 *) (S) Serial No. 1001

Note: Due to 21CFR1020.30 section e) the term "Model No." shall be used instead of the term "Material No." in plain text on all labels.

It is **not** allowed to print any other information near the data fields described above. If any other information is printed, it must be printed in a manner so that it can't be misinterpreted as being part of the fields described above; this can be done by printing other information at the very right side of the label.

Additionally for products only

For IVKs or System IVKs, the text "IVK" or "SYSTEM IVK" shall be printed on the very right side of the label. It has to be ensured that this text can't be misinterpreted as being part of the Serial No. ; this can be done by printing this text on a different level. [Siemens Medical Solutions decides and specifies whether a product is an IVK or System IVK.]

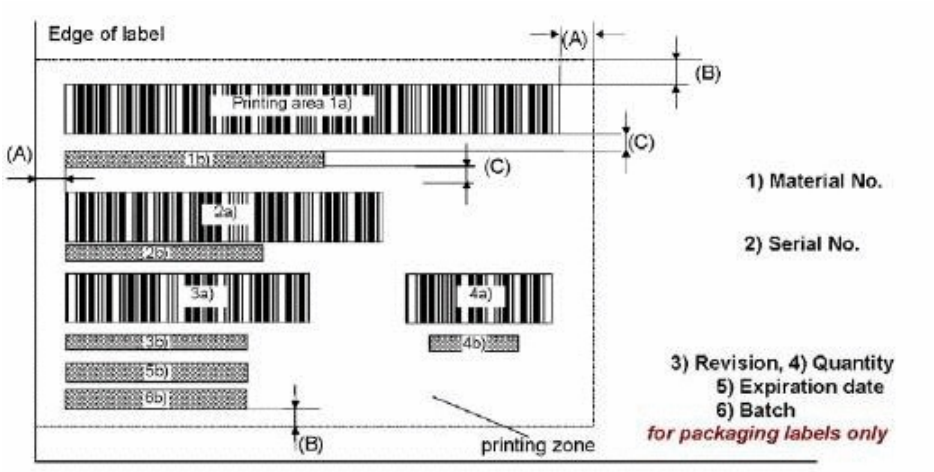
Additionally for packing only	The Expiration date of parts with Shelf life is fixed below the quantity as following: Expiration date: <date of expiration> YYYYMMDD For parts which require a Batch, the batch is fixed below the Expiration date as following: AAAAAAAAAA *For a transition period the batch can also be fixed above the material number*
Font	Universe, if not possible use similar font (e.g. Helvetica)

**) In case of limited space, it is possible to print the bar code next to (and not under) the clear text.*

4.3 Spacing

Minimum distances are:

(A)	Horizontal distance from edge (quiet zone)	≥5 mm
(B)	Vertical distance from edge	≥2 mm
(C)	Vertical distance between printing areas	≥1 mm



Legend: a) printing area for barcode

b) printing area for plain text

5) Expiration date and 6) Batch can be printed in barcode additionally.
For a transition period the *batch* can *also be fixed above the material number*

5 Basic requirements for packaging

Especially for spare parts appropriate packaging are required for the global shipping process. Should those packaging contain wood, generally “non wood-packaging” according IPPC (International Plant Protection Convention) shall be used, but fumigation of such packaging is not allowed.

Packaging shall be designed in a suitable way to protect the packed good against transportation load according to IEC 60721-3-2 class’s 2M2/2K4

International pictograms following the IEC 60601 series shall be used for parts which fall under specific restrictions for transport or storage.

The specification of packaging especially for spare parts is within the responsibility of the Business Unit responsible for the product.

6 Literature

ISO/IEC 16388 “Information technology — Automatic identification and data capture techniques — Bar code symbology specifications — Code 39”.

IEC 60721-3-2 Classification of environmental conditions — Part 3: Classification of groups of environmental parameters and their severities — Section 2: Transportation

7 Transition and retrospective measures

n.a.

8 Changes to prior version

CR-No.: 2007-005
Changes to previous edition 04798372 AND 02S 03:

- Chapter 2: Reference document IEC 60721-3-2 added
- Chapter 5: Design of packaging changed

CR-No. 2006-008 (CR N06/0207)
Changes to previous edition 04798372 AND 02S 02:

- Title: Added: and basic requirements for packaging
- Chapter 3.4 Data Identifier for Expiration Date and Batch added
- Chapter 3.5 — 3.7: Completely new
- Chapter 4.2 Added: Expiration date and batch
- Chapter 4.3. Added: labeling of Expiration Date and Batch,
- Chapter 5: Completely new

CR-No. 2006-01, 2006-02
Changes to previous edition 4798372 AND 02S 01:

- Chapter 2, 4.2 : EN 800 replaced by ISO/IEC 16388
- Chapter 4.2 : general requirements at the beginning stated more clearly, footnote added

9 Attachments

n.a.

Exhibit 10.32

ACCURAY INCORPORATED

PERFORMANCE BONUS PLAN

1. Purposes of the Plan. The Plan is intended to increase stockholder value and the success of the Company by motivating key executives to: (1) perform to the best of their abilities, and (2) achieve the Company's objectives. The Plan's goals are to be achieved by providing such executives with incentive awards based on the achievement of goals relating to the performance of the Company or upon the achievement of objectively determinable individual performance goals. The Plan is intended to permit the payment of bonuses that may qualify as performance-based compensation under Code section 162(m).

2. Definitions.

(a) "Award" means, with respect to each Participant, the award determined pursuant to Section 8(a) below for a Performance Period. Each Award is determined by a Payout Formula for a Performance Period, subject to the Committee's authority under Section 8(a) to eliminate or reduce the Award otherwise payable.

(b) "Base Salary" means as to any Performance Period, the Participant's annualized salary rate on the last day of the Performance Period. Such Base Salary shall be before both (a) deductions for taxes or benefits, and (b) deferrals of compensation pursuant to Company-sponsored plans.

(c) "Board" means the Board of Directors of the Company.

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Committee" means the Compensation Committee of the Board.

(f) "Company" means Accuray Incorporated or any of its subsidiaries (as such term is defined in Code Section 424(f)).

(g) "Determination Date" means the latest possible date that will not jeopardize a Target Award or Award's qualification as Performance-Based Compensation.

(h) "Fiscal Quarter" means a fiscal quarter of the Company.

(i) "Fiscal Year" means a fiscal year of the Company.

(j) "Maximum Award" means as to any Participant for any Performance Period, three million dollars.

(k) "Participant" means an executive officer of the Company participating in the Plan for a Performance Period.

(l) "Payout Formula" means as to any Performance Period, the formula or payout matrix established by the Committee pursuant to Section 7 in order to determine the Awards (if any) to be paid to Participants. The formula or matrix may differ from Participant to Participant.

(m) "Performance-Based Compensation" means compensation that is intended to qualify as "performance-based compensation" within the meaning of Section 162(m).

(n) "Performance Goals" means the goal(s) (or combined goal(s)) determined by the Committee (in its discretion) to be applicable to a Participant with respect to an Award. As determined by the Committee, the performance measures for any performance period will be any one or more of the following objective performance criteria, applied to either the Company as a whole or, except with respect to stockholder return metrics, to a region, business unit, affiliate or business segment, and measured either on an absolute basis or relative to a pre-established target, to a previous period's results or to a designated comparison group, and, with respect to financial metrics, which may be determined in accordance with United States Generally Accepted Accounting Principles ("GAAP"), in accordance with accounting principles established by the International Accounting Standards Board ("IASB Principles") or which may be adjusted when established to exclude any items otherwise includable under GAAP or under IASB Principles: (i) cash flow (including operating cash flow or free cash flow), (ii) revenue (on an absolute basis or adjusted for currency effects), (iii) gross margin, (iv) operating expenses or operating expenses as a percentage of revenue, (v) earnings (which may include earnings before interest and taxes, earnings before taxes and net earnings), (vi) earnings per share, (vii) stock price, (viii) return on equity, (ix) total stockholder return, (x) growth in stockholder value relative to the moving average of the S&P 500 Index or another index, (xi) return on capital, (xii) return on assets or net assets, (xiii) return on investment, (xiv) economic value added, (xv) operating profit or net operating profit, (xvi) operating income, (xvii) operating margin, (xviii) market share, (xix) contract awards or backlog, (xx) overhead or other expense reduction, (xxi) credit rating, (xxii) objective customer indicators, (xxiii) new product invention or innovation, (xxiv) attainment of research and development milestones, (xxv) improvements in productivity, (xxvi) attainment of objective operating goals, (xxvii) contingent or non-contingent orders; and (xxviii) growth rates in any of the performance criteria listed in sections (i) through (xxvii) herein.

(o) "Performance Period" means any Fiscal Quarter or Fiscal Year, or such other longer period, as determined by the Committee in its sole discretion.

(p) "Plan" means this Performance Bonus Plan.

(q) "Plan Year" means the Company's fiscal year.

(r) "Section 162(m)" means Section 162(m) of the Code, or any successor to Section 162(m), as that Section may be interpreted from time to time by the Internal Revenue Service, whether by regulation, notice or otherwise.

(s) "Target Award" means the target award payable under the Plan to a Participant for the Performance Period, expressed as a percentage of his or her Base Salary or a specific dollar amount, as determined by the Committee in accordance with Section 6.

3. Plan Administration.

(a) The Committee shall be responsible for the general administration and interpretation of the Plan and for carrying out its provisions. Subject to the requirements for qualifying compensation as Performance-Based Compensation, the Committee may delegate specific administrative tasks to Company employees or others as appropriate for proper administration of the Plan. Subject to the limitations on Committee discretion imposed under Section 162(m) of the Code, the Committee shall

have such powers as may be necessary to discharge its duties hereunder, including, but not by way of limitation, the following powers and duties, but subject to the terms of the Plan:

(i) discretionary authority to construe and interpret the terms of the Plan, and to determine eligibility, Awards and the amount, manner and time of payment of any Awards hereunder;

(ii) to prescribe forms and procedures for purposes of Plan participation and distribution of Awards; and

(iii) to adopt rules, regulations and bylaws and to take such actions as it deems necessary or desirable for the proper administration of the Plan.

(b) Any rule or decision by the Committee that is not inconsistent with the provisions of the Plan shall be conclusive and binding on all persons, and shall be given the maximum deference permitted by law.

4. Eligibility. The employees eligible to participate in the Plan for a given Performance Period shall be executive officers of the Company who are designated by the Committee in its sole discretion. No person shall be automatically entitled to participate in the Plan.

5. Performance Goal Determination. The Committee, in its sole discretion, shall establish the Performance Goals for each Participant for the Performance Period. Such Performance Goals shall be set forth in writing prior to the Determination Date.

6. Target Award Determination. The Committee, in its sole discretion, shall establish a Target Award for each Participant. Each Participant's Target Award shall be determined by the Committee in its sole discretion, and each Target Award shall be set forth in writing prior to the Determination Date.

7. Determination of Payout Formula or Formulae. On or prior to the Determination Date, the Committee, in its sole discretion, shall establish a Payout Formula or Formulae for purposes of determining the Award (if any) payable to each Participant. Each Payout Formula shall (a) be set forth in writing prior to the Determination Date, (b) be based on a comparison of actual performance to the Performance Goals, (c) provide for the payment of a Participant's Target Award if the Performance Goals for the Performance Period are achieved, and (d) provide for an Award greater than or less than the Participant's Target Award, depending upon the extent to which actual performance exceeds or falls below the Performance Goals. Notwithstanding the preceding, in no event shall a Participant's Award for any Performance Period exceed the Maximum Award.

8. Determination of Awards; Award Payment.

Determination and Certification. After the end of each Performance Period, the Committee shall certify in writing (which may be by approval of the minutes in which the certification was made) the extent to which the Performance Goals applicable to each Participant for the Performance Period were achieved or exceeded. The Award for each Participant shall be determined by applying the Payout Formula to the level of actual performance that has been certified by the Committee. Notwithstanding any contrary provision of the Plan, the Committee, in its sole discretion, may eliminate or reduce the Award payable to any Participant below that which otherwise would be payable under the Payout Formula but shall not have the right to increase the Award above that which would otherwise be payable under the Payout Formula.

Right to Receive Payment. Each Award under the Plan shall be paid solely from the general assets of the Company. Nothing in this Plan shall be construed to create a trust or to establish or evidence any Participant's claim of any right to payment of an Award other than as an unsecured general creditor with respect to any payment to which he or she may be entitled. A Participant needs to be employed by the Company through the payment date in order to be eligible to receive an Award payout hereunder.

Form of Distributions. The Company shall distribute all Awards to the Participant in cash.

Timing of Distributions. Subject to Section 8(e) below, the Company shall distribute amounts payable to Participants as soon as is practicable following the determination and written certification of the Award for a Performance Period.

Deferral. The Committee may defer payment of Awards, or any portion thereof, to Covered Employees as the Committee, in its discretion, determines to be necessary or desirable to preserve the deductibility of such amounts under Section 162(m), but only in compliance with Section 409A of the Code. In addition, the Committee, in its sole discretion, may permit a Participant to defer receipt of the payment of cash that would otherwise be delivered to a Participant under the Plan. Any such deferral elections shall be subject to such rules and procedures as shall be determined by the Committee in its sole discretion and in compliance with Section 409A of the Code.

(a) Recoupment. Notwithstanding anything to the contrary set forth in the Plan or any Award, in the event of a restatement of incorrect financial results, the Board will review the conduct of executive officers in relation to the restatement. If the Board determines that an executive officer has engaged in misconduct, or otherwise violated the Company's Code of Conduct and Ethics for Employees, Agents and Contractors, and that such misconduct or violation contributed to such restatement, then the Board may, in its discretion, take appropriate action to remedy the misconduct or violation, including, without limitation, seeking reimbursement of any portion of any performance-based or incentive compensation paid or awarded to the employee that is greater than would have been paid or awarded if calculated based on the restated financial results, to the extent not prohibited by governing law. For this purpose, the term "executive officer" means executive offers as defined by the Securities Exchange Act of 1934, as amended. Any such action by the Board would be in addition to any other actions the Board of the Company may take under the Company's policies, as modified from time to time, or any actions imposed by law enforcement, regulators or other authorities. If the Board takes any such action, Participants shall be required to reimburse the Company such amounts as directed by the Board, in its sole discretion.

9. Term of Plan. Subject to its approval at the 2009 annual meeting of the Company's stockholders, the Plan shall first apply to the 2011 Plan Year. Once approved by the Company's stockholders, the Plan shall continue until terminated under Section 10 of the Plan.

10. Amendment and Termination of the Plan. The Committee may amend, modify, suspend or terminate the Plan, in whole or in part, at any time, including the adoption of amendments deemed necessary or desirable to correct any defect or to supply omitted data or to reconcile any inconsistency in the Plan or in any Award granted hereunder; provided, however, that no amendment, alteration, suspension or discontinuation shall be made which would (i) impair any payments to Participants made prior to such amendment, modification, suspension or termination, unless the Committee has made a determination that such amendment or modification is in the best interests of all persons to whom Awards have theretofore been granted; provided further, however, that in no event may such an amendment or modification result in an increase in the amount of compensation payable pursuant to such

Award or (ii) cause compensation that is, or may become, payable hereunder to fail to qualify as Performance-Based Compensation. To the extent necessary or advisable under applicable law, including Section 162(m) of the Code, Plan amendments shall be subject to stockholder approval. At no time before the actual distribution of funds to Participants under the Plan shall any Participant accrue any vested interest or right whatsoever under the Plan except as otherwise stated in this Plan.

11. Withholding. Distributions pursuant to this Plan shall be subject to all applicable federal and state tax and withholding requirements.

12. At-Will Employment. No statement in this Plan should be construed to grant any employee an employment contract of fixed duration or any other contractual rights, nor should this Plan be interpreted as creating an implied or an expressed contract of employment or any other contractual rights between the Company and its employees. The employment relationship between the Company and its employees is terminable at-will. This means that an employee of the Company may terminate the employment relationship at any time and for any reason or no reason.

13. Successors. All obligations of the Company under the Plan, with respect to awards granted hereunder, shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business or assets of the Company.

14. Indemnification. Each person who is or shall have been a member of the Committee, or of the Board, shall be indemnified and held harmless by the Company against and from (a) any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan or any award, and (b) from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such claim, action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Certificate of Incorporation or Bylaws, by contract, as a matter of law, or otherwise, or under any power that the Company may have to indemnify them or hold them harmless.

15. Nonassignment. The rights of a Participant under this Plan shall not be assignable or transferable by the Participant except by will or the laws of intestacy.

16. Governing Law. The Plan shall be governed by the laws of the State of California, without regard to conflicts of law provisions thereunder.

* * * * *

I hereby certify that the foregoing Plan was duly adopted by the Board of Directors of Accuray Incorporated on September 24, 2009.

* * * * *

I hereby certify that the foregoing Plan was approved by the stockholders of Accuray Incorporated on November 20, 2009.

* * * * *

I hereby certify that Board of Directors of Accuray Incorporated amended the foregoing Plan to include Section 8(f) and such amendment was approved on August 24, 2010.

/s/ Darren J. Milliken

Corporate Secretary — Darren J. Milliken

Exhibit 21.1

Subsidiaries of the Registrant

Name	State or Jurisdiction of Organization
Accuray International SARL	Switzerland
Accuray Europe SAS	France
Accuray UK, Ltd.	United Kingdom
Accuray Asia Ltd.	Hong Kong
Accuray Japan K.K.	Japan
Accuray Spain, S.L.U.	Spain
Accuray Medical Equipment (India) Private Limited	India
Accuray Medical Equipment (SEA) Private Limited	Singapore
Accuray Medical Equipment (Rus) LLC.	Russia
Accuray Medical Equipment GmbH	Germany
Accuray Tibbi Cihazlar Ve Malzemeler Ithalat Ihracat Anonim Sirketi	Turkey
Accuray Medical Equipment (Canada) Ltd.	Canada
Accuray Mexico S.A. DE C.V.	Mexico

QuickLinks

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated August 31, 2010, with respect to the consolidated financial statements, schedule, and internal control over financial reporting included in the Annual Report of Accuray Incorporated on Form 10-K for the year ended June 30, 2010. We hereby consent to the incorporation by reference of said reports in the Registration Statements of Accuray Incorporated on Form S-8 (File No. 333-166606, effective May 6, 2010, File No. 333-157120, effective February 5, 2009 and File No. 333-141194, File No. 333-141195 and File No. 333-141197, effective March 9, 2007).

/s/ GRANT THORNTON LLP

San Francisco, California
August 31, 2010

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Exhibit 31.1

Certifications

I, Euan S. Thomson, Ph.D., certify that:

1. I have reviewed this report on Form 10-K of Accuray Incorporated, a Delaware corporation;

2. Based on my knowledge, this annual 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 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 conclusion 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 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 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 31, 2010

/s/ EUAN S. THOMSON, PH.D.

Euan S. Thomson, Ph.D.
President and Chief Executive Officer

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QuickLinks -- Click here to rapidly navigate through this document

Exhibit 31.2

I, Derek Bertocci, certify that:

1. I have reviewed this report on Form 10-K of Accuray Incorporated, a Delaware corporation;

2. Based on my knowledge, this annual 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 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 conclusion 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 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 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 31, 2010

/s/ DEREK BERTOCCI

Derek Bertocci
Senior Vice President and Chief Financial Officer

QuickLinks

Exhibit 31.2

Exhibit 32.1

Certification of Chief Executive Officer and Chief Financial Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Accuray Incorporated, a Delaware corporation (the "*Company*") hereby certifies, to such officer's knowledge, that:

(i) the accompanying Annual Report on Form 10-K of the Company for the twelve months ended June 30, 2010 (the "*Report*") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

Date: August 31, 2010

/s/ EUAN S. THOMSON, PH.D.

Euan S. Thomson, Ph.D.
President and Chief Executive Officer

/s/ DEREK BERTOCCI

Derek Bertocci
Senior Vice President and Chief Financial Officer

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