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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, 2017

or

o **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 o 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 o 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 o

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 o

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. o

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

Large accelerated filer o	Accelerated filer ☒	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o Emerging growth company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a Shell Company (as defined in Rule 12b-2 of the Exchange Act). Yes o 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, 2016, the last business day of the registrant's most recently completed second fiscal quarter was: $214,409,027. Shares of the registrant's common stock held by each executive officer, director and 5% stockholder have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of August 15, 2017, the number of outstanding shares of the registrant's common stock, $0.001 par value, was 83,746,253.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the Registrant's 2017 Annual Meeting of stockholders are incorporated by reference in Part III of this Form 10-K.

ACCURAY INCORPORATED

YEAR ENDED JUNE 30, 2017

FORM 10-K

ANNUAL REPORT

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We own or have rights to various trademarks and tradenames used in our business in the United States or other countries, including the following: Accuray®, Accuray Logo®, CyberKnife®, Hi-Art®, RayStation®, RoboCouch®, Synchrony®, TomoTherapy®, Xsight®, Accuray Precision™, AutoSegmentation™, CTrue™, H™ Series, iDMS™ InCise™, Iris™, M6™ Series, OIS Connect™, PlanTouch™, PreciseART™, PreciseRTX™, Treatment Planning System™, QuickPlan™, TomoDirect™, TomoEdge™, TomoH™, TomoHD™, TomoHDA™, TomoHelical™, Tomo Quality Assurance™ Radixact™, StatRT™, and VoLO™. ImagingRing® is a registered trademark belonging to medPhoton GmbH. RayStation® is a registered trademark belonging to RaySearch Laboratories, AB.

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, and Section 21E of the Securities Exchange Act of 1934, as amended, including, but not limited to, statements regarding future revenues and expenses, marketing efforts, reimbursement rates, regulatory requirements, future orders, radiation therapy market, our strategy, our products, intellectual property rights, and our earnings or other financial results, and other statements using words such as "anticipates," "believes," "can," "could," "estimates," "expects," "forecasts," "intends," "may," "plans," "projects," "seek," "should," "will" and "would," and words of similar import and the negatives thereof. Accuray Incorporated ("we," "our," or 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. These forward-looking statements speak only as of the date of this Form 10-K and are subject to business and economic risks. 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 except as required by applicable law.

PART I

Item 1. BUSINESS

The Company

Accuray Incorporated is a radiation oncology company that develops, manufactures, sells and supports precise, innovative treatment solutions which set the standard of radiation therapy care with the aim of helping patients live longer, better lives. Our innovative technologies, the CyberKnife and TomoTherapy Systems, including the Radixact System, our next generation TomoTherapy System, are designed to deliver advanced treatments, including stereotactic radiosurgery (SRS), stereotactic body radiation therapy (SBRT), intensity modulated radiation therapy (IMRT), image guided radiation therapy (IGRT), and adaptive radiation therapy. The CyberKnife Systems and the TomoTherapy Systems have complementary clinical applications, enabling customers to deliver the most precise treatments while minimizing side effects and maximizing patient comfort and care. Each of these systems serves patient populations treated by the same medical specialty, radiation oncology, with advanced capabilities.

The CyberKnife Systems are the only fully robotic systems that deliver SRS and SBRT, and are used to treat multiple types of cancer and tumors throughout the body. The CyberKnife Systems automatically track, detect and correct for tumor and patient movement in real-time during the procedure, enabling delivery of precise, high dose radiation with sub-millimeter accuracy while patients breathe normally, without manual user intervention. Treatment with the CyberKnife Systems requires no anesthesia, and treatment sessions are done on an outpatient basis. In addition, the CyberKnife Systems are designed to minimize many of the risks and complications associated with other treatment options. The CyberKnife Systems are the only robotic radiosurgery systems available today which deliver such high precision treatments for intra- and extra-cranial disease sites throughout the body, including prostate, lung, brain, spine, liver, pancreas and kidney. The latest generation CyberKnife M6 Series System is available with the new InCise Multileaf Collimator (InCise MLC), the world's first multileaf collimator (MLC) to be available on a robotic platform. With the addition of the InCise MLC, clinicians can deliver the same precise radiosurgery treatments they have come to expect with the CyberKnife Systems, while significantly reducing treatment times, for a wider range of tumor types, including larger and different kinds of tumors than were previously treated. Additional options include

the fixed collimator, and the Iris Variable Aperture Collimator, giving clinicians a range of collimation forms to choose from to meet the needs of their patients.

The TomoTherapy Systems, including the next-generation Radixact platform, represents the only radiation therapy platform specifically designed for image-guided intensity-modulated radiation therapy (IG-IMRT). Based on a ring gantry CT scanner platform, the TomoTherapy System provides continuous delivery of radiation from 360 degrees around the patient, or delivery from clinician-specified direct beam angles. These unique features, combined with daily 3D image guidance, enable physicians to deliver dose distributions which precisely conform to the shape of the patient's tumor while minimizing dose to normal, healthy tissue, resulting in fewer side effects for patients. The TomoTherapy Systems are capable of treating all standard radiation therapy indications including breast, prostate, lung, and head and neck cancers, in addition to complex treatments such as total marrow irradiation, while minimizing side effects; and enable efficient daily imaging to ensure the accuracy of the patient position before each treatment delivery. The TomoTherapy System includes the following options: TomoHelical, TomoDirect, and TomoEdge dynamic jaws. The system configuration depends on the options chosen by the customer. When we refer to "TomoTherapy Systems" in this Form 10-K, we mean that term to include the Radixact System unless otherwise noted.

We are also introducing Onrad, a lower priced, direct delivery system, to China. The Onrad System is designed to meet the ease of use and throughput demands of a market segment in which Accuray has not previously competed.

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.

Market Overview

Despite significant improvements in cancer diagnosis and treatment, cancer rates continue to increase globally and are a leading cause of death. According to the World Health Organization, cancer is the second leading cause of death worldwide and was responsible for 8.8 million deaths in 2015. Globally, nearly 1 in 6 deaths is due to cancer, and the number of new cases is expected to rise by about 70% over the next 2 decades.

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 most common causes of cancer deaths are cancers of lung, liver, colorectal, stomach and breast. The American Cancer Society (ACS) estimates that solid tumor cancers will account for approximately 1.6 million, or approximately 92% of new cancer cases diagnosed annually, and will account for approximately 0.6 million cancer related deaths in the United States in 2017.

Traditional methods for the treatment of solid tumor cancers include chemotherapy, surgery and radiation therapy. The most common type of radiation therapy is external beam radiation therapy, in which patients are treated with high-energy radiation generated by medical equipment external to the patient. The global radiotherapy equipment and software market has three main segments: Linear Accelerators (Linacs), Treatment Planning Systems, and Radiation Therapy Simulators. According to the January 2015 Radiation Therapy Equipment Report by Global Industry Analysts, Inc., Linear Accelerators represent the largest segment of radiotherapy equipment and are forecast to expand from an estimated $3.4 billion for 2014 to reach $5.2 billion by the year 2020. Treatment planning systems are poised to grow to $1.9 billion by 2020, up from an estimated $1.1 billion in 2014. Increasing preference for non-surgical options is a major factor promoting radiotherapy. Approximately 60% of cancer patients worldwide will undergo some form of radiation therapy during the course of their treatment. While radiation therapy is widely available in the United States and Western Europe, many

developing countries currently do not have a sufficient number of linacs to adequately treat their domestic cancer patient populations. We believe increasing demand for advanced medical treatments in many international markets and growth in cancer incidences worldwide will continue to drive demand for advanced linacs in the coming years.

Emerging markets are especially underequipped with external beam radiation therapy systems. According to a publication called the Lancet Oncology Commission in 2015, radiation therapy is required in more than half of the newly diagnosed cancer patients. There was an estimated shortage of over 15,000 linacs globally in 2015, expected to grow to over 21,000 by 2035. This gap is most pronounced in low and middle income countries, where only 10% of patients have access to radiotherapy. China alone is estimated to have a shortfall of over 5,000 systems because of increasing cancer incidence and an aging population that is estimated to more than double by 2040.

Radiation Therapy

Radiation therapy is used to treat a wide range of cancer and tumor types by using high-energy radiation to destroy cancer cells and shrink or control the growth of tumors. Radiation therapy works by exposing clusters of cancer cells, or tumors, to a dose of high-energy radiation sufficient to cause cell death and prevent cells from multiplying. During external beam radiation therapy, the clinician's goal is to target radiation delivery to the tumor as precisely as possible in order to maximize the radiation dose delivered to cancerous tissue and minimize the exposure of healthy tissue. Recent advances in radiation therapy technologies have allowed clinicians to further improve the ability to target the radiation dose more precisely at cancer cells while minimizing the exposure of healthy tissue. These advances include the following:

Intensity modulated radiation therapy. Intensity modulated radiation therapy involves varying, or modulating, the radiation beam intensity across the treatment area. This technique aims to conform the high dose region of the radiation beam more closely with the shape of the tumor, enabling the delivery of higher doses of radiation to tumors with a reduced impact on surrounding healthy tissue.

Image guided radiation therapy. IGRT involves delivering radiation guided by images of the treatment area taken shortly before and/or during treatment using CT scan, x-ray, ultrasound or other imaging technologies. By combining imaging with radiation treatment, clinicians can adjust the patient's position relative to the radiation source prior to each treatment to target the tumor more precisely.

Radiosurgery and Stereotactic Body Radiation Therapy. Radiosurgery is a form of radiation therapy that uses precisely targeted radiation to destroy tumors. Radiosurgery is non-invasive; there is no cutting involved. It is commonly used by neurosurgeons to treat conditions within the brain and spine. SBRT is a treatment that uses precisely targeted radiation, like radiosurgery, to destroy tumors located outside the brain and spine. Radiosurgery and SBRT typically involve the delivery of a single high dose radiation treatment or a few fractionated radiation treatments (usually up to five) to ablate (destroy) all tissue within the tumor. To achieve the accuracy and precision required for both radiosurgery and SBRT, image guidance during treatment, the ability to adjust the aim of the beam in real-time to compensate for tumor motion and a wide range of beam angles, are critical for treatment.

Adaptive radiation therapy. Adaptive radiation therapy involves adjusting a patient's radiation therapy plan during or between fractions to account for changes in the patient's anatomy, the amount and location of the radiation received by the patient, and the size, shape and location of the tumor. While there is no widely accepted definition of adaptive radiation therapy, it has been characterized to include as little as an adjustment to the physical position of the patient relative to the radiation source prior to treatment, as occurs during IGRT, rather than an adjustment to the

treatment plan. Our approach is based on the belief that adaptive radiation therapy requires monitoring and adjustments to the treatment plan facilitated by both the regular acquisition of updated quantitative images showing the location, size, shape and density of the tumor, and verification of the radiation dose received by the patient throughout the entire course of treatment.

Hypofractionation. Hypofractionation involves the delivery of higher doses of radiation in fewer fractions than are used in conventional radiation therapy. Higher doses of radiation have been shown to provide greater local control of the tumor. The advent of innovative technological features in radiation therapy treatment planning and delivery has enabled clinicians to maximize the radiation dose administered to tumors in the patient, improving local tumor control and, in some cases, improving patient survival rates. Additional benefits of hypofractionation include minimal side effects, fewer treatments and greater scheduling convenience for the patient. Hypofractionation is often used to treat small targets throughout the body, especially when located near critical structures, including the brain, head and neck, spine, lung and prostate. It is also being used more frequently in clinical applications where the radiobiology is appropriate for fewer fractions of higher doses, including the prostate and breast.

Despite advances in radiation therapy techniques, most commercially available radiation therapy systems from other manufacturers still present significant limitations that restrict clinicians' ability to provide the most precise treatment possible. These limitations include:

Limited versatility and precision. The C-arm configuration of traditional radiation therapy systems has a limited range and speed of motion because of its size and mechanical structure. C-arm linac architecture is limited to delivering radiation in a single plane (coplanar) thus limiting its radiation delivery capability for complex and advanced cases. Additionally, most previously existing MLCs, which modulate or shape the radiation beams, have mechanical limitations that reduce their beam-shaping ability and the speed at which they operate. These design elements limit the motion and dynamic range of IMRT intensities capable of being delivered by traditional radiation therapy systems and often make it challenging to achieve the precision needed to maximize dose to the tumor while avoiding damage to healthy tissue and minimizing side effects. These limited treatment angles reduce the ability to deliver precisely targeted radiation that minimizes exposure to healthy tissue. Such imprecision may prevent clinicians from treating tumors near sensitive anatomic structures, such as the eye or the spinal cord, or from re-treating patients in an area of the body that was previously exposed to radiation and may be unable to tolerate additional exposure.

Limited ability to provide frequent, quantitative images. Precise radiation therapy requires frequent images that accurately depict the size, shape and location of the tumor. Many traditional radiation therapy systems use imaging technologies that are not generally used on a daily basis to generate a quantitative assessment of the patient's and/or target volume's position due to concerns about the additional radiation exposure. In addition, traditional radiation therapy systems measure the amount of radiation emitted by the device based on the system's performance specifications. This calculation does not provide the clinician with data regarding the amount of radiation that was received by the patient or what tissue within the patient's body received any particular amount of radiation. Since it is common for internal organs to shift and for the size of the tumor to change during the course of treatment, failure to obtain updated images and adapt the patient and/or plan throughout the course of treatment may result in a portion, or potentially all, of the radiation dose missing the tumor and instead being absorbed by healthy tissue.

Failure to integrate multiple functions. The basic architecture for traditional radiation therapy systems pre-dates many recent advances that enable integrated imaging, treatment planning, dose verification or quality assurance capabilities necessary for more advanced treatment protocols. Some conventional systems have been subsequently adapted to include certain elements of this

functionality by incorporating modular add-on devices to legacy linac designs. These separate modular components can provide imaging, treatment planning, quality assurance procedures or post-treatment analysis functionality. However, this add-on architectural approach can have safety, accuracy, and workflow implications because of the manual methods used for checking proper system operation.

Development of Radiosurgery

Advanced radiation therapy systems designed to deliver radiosurgery or stereotactic body radiation therapy 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 administered to patients who have inoperable or surgically complex tumors, or who may prefer a clinically effective, non-surgical treatment option.

Our Strategy

Our goal is to develop equipment and technology that enable physicians to deliver precise, customized, leading-edge treatments that help cancer patients live longer, better lives. We endeavor to achieve this goal by expanding the clinical options for healthcare providers, helping them offer the best radiation treatment for each patient and by providing patients with treatment tailored to their specific needs. Our vision is a future where the fear, pain and suffering of cancer are a thing of the past. We believe our current technologies and our future innovation can help to achieve this. Some of the 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 systems and demonstrate their advantages over more traditional treatment methods. We hold and sponsor symposia and educational meetings and support clinical studies to demonstrate the clinical benefits of our systems. We regularly meet with clinicians to educate them on the expanded versatility that our systems offer in comparison to more traditional radiation therapy products or surgery. We are expanding our digital and social presence to reach and educate a broader audience of physicians and patients. To support awareness of all our product offerings, we assist our customers with increasing patient awareness in their communities by providing them tools to develop marketing and educational campaigns.

Continue to expand the radiosurgery market. While radiosurgery has traditionally been used to treat brain tumors, the CyberKnife Systems received U.S. Food and Drug Administration (FDA), clearance in 2001 to treat tumors anywhere in the body. Our system data demonstrate that over 55% of CyberKnife utilization is for cancers and tumors in the body in places other than the brain. There are now hundreds of peer-reviewed publications supporting use of CyberKnife in treatment of various cancer and tumor types.

Continue to innovate through clinical development and collaboration. The clinical success of our products is largely the result of 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 system users to learn what is needed to enhance the technology. As a result of this collaborative process, we continually refine and upgrade our systems, thereby improving our competitive position in the radiation therapy and radiosurgery markets. Upgrades to our systems are designed to address customer needs in the areas of improving the ease of use and accuracy of treatment, decreasing treatment times, and improving utilization for specific types of tumors.

Expand sales in international markets. We intend to continue to increase our sales and distribution capabilities outside of the United States to take advantage of the large international opportunity for our products. Outside of the United States, we currently have regional offices in Morges, Switzerland, Hong Kong, China, Shanghai, 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 92 countries. However, many of these countries are not highly developed at this time and therefore sales opportunities may be limited. We intend to increase our international revenue by focused additions of direct sales personnel in targeted areas to further penetrate our most promising international markets, and additional distributors where opportune.

Strategic partnerships and joint ventures. We intend to pursue strategic partnerships and joint ventures we believe will allow us to complement our growth strategy, increase sales in our current markets and expand into adjacent markets, broaden our technology and intellectual property and strengthen our relationships with our customers. In fiscal 2016 we signed an agreement with RaySearch Laboratories AB, which will lead to the integration of treatment planning support for the TomoTherapy and CyberKnife Systems in the RayStation treatment planning system (TPS). We also signed an agreement with medPhoton GmbH to collaborate on integration of its ImagingRing system, a new technology for volumetric image guidance, with the CyberKnife System. In fiscal 2017, we signed an agreement with Photo Diagnostic Systems, Incorporated to enhance image quality of our TomoTherapy System through an enhanced tomographic reconstruction software.

Our Products

Our suite of products includes the CyberKnife Systems and the TomoTherapy Systems, including the Radixact Delivery Treatment System, the next generation TomoTherapy System. We also offer comprehensive software solutions to enable and enhance the precise and efficient radiotherapy treatment with our advanced delivery systems.

The CyberKnife Systems

Our principal radiosurgery products are the CyberKnife Systems, a robotic full-body radiosurgery system designed to treat tumors anywhere in the body non-invasively, which include the CyberKnife M6 Series with configuration options of fixed collimators plus the Iris Variable Aperture Collimator (FI), fixed collimators plus the InCise MLC (FM) and fixed collimators plus the Iris Variable Aperture Collimator plus the InCise MLC (FIM).

Using continual image guidance technology and computer controlled robotic mobility, the CyberKnife Systems are designed to deliver precise radiation from a wide array of beam angles and automatically track, detect and correct for tumor and patient movement in real-time throughout the treatment. This design is intended to enable the CyberKnife Systems to deliver high-dose radiation with precision, which minimizes damage to surrounding healthy tissue and eliminates the need for invasive head or body stabilization frames. 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 direct each beam of radiation with increased precision versus treatments without this real-time feedback. This, in turn, 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 is intended to provide clinicians with an effective and accurate treatment.

Our configurations of CyberKnife Systems include the following:

The CyberKnife M6 Series with configurations of FI, FM and FIM. The M6 Series has been approved/cleared by the FDA, and is able to be sold in most major markets globally. It is used with either of the following options: an Iris collimator (I) or a multileaf collimator (M). With the InCise MLC, larger tumors previously thought untreatable with radiosurgery and SBRT are able to be treated efficiently and with unrivaled accuracy and tissue sparing. The InCise MLC and IMRT planning tools enable expansion of indications that can be treated with a CyberKnife to include many IMRT indications. The CyberKnife M6 Series includes disease-specific tracking and treatment delivery solutions for brain, spine, lung and prostate tumors, treatment speed improvements, more options to configure the treatment room, expanded number of nodes leading to more coverage and sparing of healthy tissue.

We believe the CyberKnife Systems offer clinicians and patients the following benefits:

The only truly robotic system in the market. Combining the benefits of continual image guidance and non-isocentric, non-coplanar treatment delivery, the CyberKnife Systems precisely contour radiation delivery to spare healthy tissue while maintaining sub-millimeter accuracy, even for targets that move during treatment. The CyberKnife Systems are the clinical solution to choose when accuracy, flexibility, efficiency and patient comfort are essential.

Treatment of inoperable or surgically complex tumors. The CyberKnife Systems may 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 Systems' intelligent robotics enable the precise targeting of a tumor, while at the same time minimizing damage to surrounding healthy tissue.

Treatment of tumors throughout the body. The CyberKnife Systems have been cleared by the FDA to provide treatment planning and image-guided radiosurgery treatment for tumors anywhere in the body where radiation treatment is indicated. By comparison, traditional frame-based radiosurgery systems are generally limited to treating brain tumors and use cobalt 60 radioactive material, which decays over time and is difficult to replace. The CyberKnife Systems are 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, kidney and pancreas in addition to tumors in the brain, with the same sub-millimeter accuracy in every disease site.

Real-time tracking of tumor movement. The CyberKnife Systems are designed to enable the treatment of tumors that change position because of respiration, or tumor or patient movement during treatment. The CyberKnife Systems offer the following features which enhance image guided robotic radiation surgery: Synchrony Respiratory Tracking System, Xsight Lung Tracking System, Xsight Spine Tracking System, InTempo Adaptive Imaging System and Lung Optimized Treatment.

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

Additional revenue generation through increased patient volumes. We believe clinical use of the CyberKnife Systems allows our customers to effectively treat patients where extreme precision and ability to account for motion are important, and patients who otherwise would not have been treated with radiation or who may not have been good candidates for surgery.

Upgradeable modular design. The CyberKnife Systems have a modular design, which facilitates the implementation of upgrades that often 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. The main components and options of the CyberKnife Systems include: the compact X-band linear accelerator; robotic manipulator, the real-time image-guidance system with continuous target tracking and correction; X-ray sources; image detectors. Key features of these components include:

Robotic manipulator arm. 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 what we believe to be 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 with a high level of conformance 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 correction. Without the need for clinician intervention or treatment interruption, the CyberKnife Systems' real-time image-guided robotics are designed to enable continuous monitoring and correction for patient and tumor movements throughout each treatment as it is being delivered.

X-ray sources. The low-energy X-ray sources generate the X-ray images that help 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 detected movements.

In addition to the main components listed above, we also offer the following components and options: Synchrony Respiratory Tracking System; Xsight Spine Tracking System; Xsight Lung Tracking System; Lung Optimized Treatment; RoboCouch Patient Positioning System; Xchange Robotic Collimator Changer; InTempo Adaptive Imaging System; Iris Variable Aperture Collimator; and the InCise MLC. Key features of some of these components are as follows:

Synchrony Respiratory Tracking System. The CyberKnife Systems' proprietary motion tracking system, the Synchrony Respiratory Tracking System, is the first and only technology to continuously synchronize beam delivery to the motion of the tumor in real time, enabling the delivery of highly conformal radiation beams while reducing healthy tissue exposure. It is used to continuously track tumors that move with respiration as beams are synchronized in real-time to tumor position while adapting to changes in breathing patterns. The Synchrony system provides what we believe is unsurpassed clinical accuracy of approximately 1.5 millimeters for tumors that move with respiration without the need for implanted fiducials. It makes it possible and practical for clinicians to deliver radiation dose with sub-millimeter precision, even for tumors that move with respiration.

Xsight Tracking System. The Xsight Spine and Lung Tacking Systems allow for tracking of tumors without the need for implanted markers in the spine and the lung.

Lung Optimized Treatment. An integrated suite of tools that provides a complete fiducial-free clinical solution for lung cancer patients and optimizes non-invasive lung SBRT treatments.

InTempo Adaptive Imaging System. The InTempo System is designed to optimize imaging frequency during prostate treatments and uses time-based image guidance to assist with tracking and correcting non-predictable intrafraction target motion.

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

InCise Multileaf Collimator. The InCise MLC is designed specifically for the CyberKnife M6 Series. It delivers the same precise SRS and SBRT treatments clinicians expect from the CyberKnife Systems, while significantly reducing treatment times. With the InCise MLC, the CyberKnife M6 Series can be used to treat larger and irregular tumors more efficiently.

TomoTherapy Systems, including the Radixact System, our next generation TomoTherapy System

The TomoTherapy Systems include the Radixact System, the next-generation TomoTherapy Systems with configuration options of X5, X7 and X9, and the TomoTherapy H Series, with configuration options of TomoH, TomoHD, and TomoHDA. The Radixact System is cleared for sale by the FDA and in most major markets globally. These systems consist of fully integrated and versatile radiation therapy systems used by healthcare professionals in the treatment of a wide range of cancer types. We believe the TomoTherapy Systems offer clinicians and patients the following benefits:

Versatile treatment capabilities. The TomoTherapy Systems' ring gantry platform enables precise and efficient treatments with a high degree of dose conformity. The high-speed binary InCise MLC, is integrated with the linac and consists of 64 individual low leakage tungsten leaves that move across the beam to either block or allow the passage of radiation, effectively shaping the beam as it is emitted. The combination of the ring gantry and the high-speed InCise MLC (which we refer to as TomoHelical) enable treatment to be delivered continuously in a 360-degree helical pattern around the patient's body. Additionally, the TomoDirect feature provides the TomoTherapy Systems added versatility to provide high quality, fixed angle beams for those cases suited to simple tangential beam radiation delivery. All TomoTherapy Systems enable an operator to provide non-isocentric three-dimensional conformal image-guided IMRT or stereotactic treatments within a typical cylindrical volume of 80 centimeters in diameter and up to 135 centimeters in length. This expansive treatment field allows large areas of the body to be treated in a single session and the treatment of widely distant tumors. The TomoTherapy Systems' versatility, efficiency and precision offer clinicians an extensive range of effective treatment possibilities.

Daily, quantitative imaging for better identification of tumors, dose verification and treatment planning. The TomoTherapy Systems offer integrated quantitative CT imaging capabilities, which depict the density of tumors and healthy tissue more accurately than traditional radiation therapy systems. Our integrated mega-voltage computed tomography (MVCT), which we market as our CTrue imaging technology, uses a low-intensity, fan beam CT to collect quantitative images prior to each treatment. These images allow lung tissue, fat, muscle and bone to be clearly distinguished. In addition, because of the low radiation dose involved, the clinician can collect daily, quantitative images, which can be used to monitor changes in the patient's internal anatomy and quickly adapt the plan if deemed clinically necessary. We believe daily, quantitative, relatively low dose images are essential to optimizing patient treatment by enabling clinicians to adapt the treatment plan in response to anatomical changes.

Integrated treatment system for precise radiation delivery. We believe the integration of our CT imaging technology, treatment planning and helical delivery mode of radiation beams enables highly accurate and precise radiation delivery. Our adaptive software allows clinicians to establish at the time of treatment the contours of a tumor and any sensitive structures at risk. The TomoTherapy Systems use a highly efficient dose optimization algorithm to ensure the radiation beam conforms to the

patient's tumor and minimizes exposure to sensitive healthy tissue structures, providing a highly-targeted dose distribution. These features significantly benefit patients by increasing the radiation delivered to cancerous tissues while reducing damage to nearby healthy tissues and minimizing side effects.

Efficient clinical workflow for Image Guided Radiation Therapy, or IGRT, and adaptive radiation therapy. The TomoTherapy Systems integrate into a single system all of the key elements for radiation therapy, including treatment planning, CT image-guided patient positioning, treatment delivery, quality assurance and adaptive planning. The imaging and treatment planning capabilities of many traditional systems are more modular or require cumbersome add-ons or separate treatment planning systems that result in clinicians taking more steps between scanning, planning and treatment of patients. Conversely, the integrated CT imaging and treatment features of the TomoTherapy Systems allow clinicians to scan, plan and treat cancer patients efficiently. Daily images can be easily accessed remotely, via our TomoPortal web-enabled interface, to verify patient positioning and collaboratively define patient treatment strategies. Taking advantage of this integration capability, our StatRT software allows the full radiation therapy process, CT scanning, treatment planning and treatment delivery, to be completed rapidly.

Low barriers to installation and implementation. All external beam radiation systems must be housed in rooms which have special radiation shielding to capture any radiation not absorbed by the patient. The TomoTherapy Systems' size and self-contained design allow customers to retrofit them into existing treatment rooms previously used for legacy radiation therapy systems and avoid, or reduce, the significant construction costs that can be associated with building new, larger treatment rooms, which are often required to install many other radiation therapy systems. With both imaging and radiation delivery capabilities in its ring gantry, the TomoTherapy Systems require less space than other linac systems, which use large moving arms to position the linac or incorporate adjacent imaging equipment used for treatment planning. In addition, because the TomoTherapy Systems have an integrated radiation beam stop, which captures radiation that passes through the patient, they require less radiation shielding in treatment room walls as compared to the shielding required by a traditional system. We also preassemble, test and commission each TomoTherapy System at our manufacturing facility, and ship the system almost fully assembled. This assembly process typically allows radiation "beam on" within four days after delivery and first patient treatments to begin within 30 to 45 days after delivery.

Platform for further technological advancements in adaptive radiation therapy. We believe the TomoTherapy Systems are uniquely positioned to enable truly adaptive radiation therapy because of their unique ability to provide daily, quantitative images, high speed delivery of radiation from fixed beam angles or helically from 360 degrees around the body and real-time verification of the dose received by the patient. We believe the combination of these design features and our integrated treatment planning and optimization software will allow us to continue to enhance the TomoTherapy Systems' adaptive capabilities to enable clinicians to routinely and easily adjust a patient's treatment as needed, thereby remaining true to the intent of the original treatment plan.

In addition to the functionality listed above, the TomoTherapy Systems may be enhanced with the following product options: TomoDirect Mode and TomoEdge Delivery. Key features of these options are as follow:

TomoDirect Mode. The TomoDirect mode is a discrete angle, non-rotational delivery mode for the TomoTherapy Systems that allows the user to create a treatment plan that defines up to twelve target-specific gantry angles. Treatment planning is completed rapidly by all beams for each target being delivered sequentially with the couch passing through the bore of the system at an appropriate speed for each gantry angle. The TomoDirect mode enables users to plan and treat

routine cases with greater efficiency, while achieving the quality of TomoTherapy's unique beamlet-based delivery.

TomoEdge Delivery. TomoEdge is standard on the TomoTherapy HDA model and is also available on H and HD models. By dynamically varying the width of the collimator jaws during treatment delivery, dose to normal tissues immediately adjacent to the tumor is reduced, contributing to the minimization of radiation side effects. Additionally, overall irradiation time is shortened because the jaws are allowed to open more broadly throughout much of the delivery. The resulting gains in treatment quality and speed expand the TomoTherapy Systems clinical and market reach within the conventional and stereotactic radiotherapy spaces.

We received FDA and CE Mark approval for the new Radixact Treatment Delivery Platform in 2016. We also received 510(k) clearance for our new treatment planning and data management systems, Accuray Precision Treatment Planning System and iDMS Data Management System. These next generation hardware and software solutions which, together, make up the new Radixact System, enable faster, more efficient delivery of extremely precise treatment to a wider range of cancer patients, including those undergoing retreatment. The new Radixact System represents a major step forward in the evolution of the TomoTherapy System in treatment speed and ease of use. We continue to offer TomoTherapy Systems in other markets where Radixact is not yet registered.

In addition, we received approval from the China FDA for the Onrad System in 2016, a direct delivery only system designed to meet the ease of use and throughput needs for this market, which provides us with the ability to be competitive in this market sector.

Our Software Solutions

Our new Accuray Precision Treatment Planning and iDMS Data Management Systems provide fully integrated treatment planning and data management systems for use with all compatible Accuray delivery systems.

Accuray Precision Treatment Planning. With a streamlined and intuitive Windows-based interface, Accuray Precision Treatment Planning System enables clinicians to efficiently generate high quality radiation therapy treatment plans for all case types. It is a complete planning solution, including multi-modality image fusion with proprietary deformable image registration algorithm, comprehensive suite of contouring tools, AutoSegmentation auto-contouring options for head and neck, brain, and prostate, side-by-side treatment plan comparison, plan summation and evaluation. It supports treatment plan creation for all case types with TomoHelical, TomoDirect IMRT and 3D CRT planning mode on both Radixact and TomoTherapy Systems enabled with iDMS Data Management Systems. It also supports planning for all case types on CyberKnife Systems, including Frameless Intracranial Radiosurgery, Fiducial-Free Lung Tracking with Dynamic Motion Compensation, SBRT, for the spine, abdomen and pelvis, as well as other forms of SRT and IMRT. It provides fast and accurate dose computation engines for both Accuray treatment systems, including Monte Carlo dose calculation for the CyberKnife InCise multi-leaf collimator and VoLO Technology for Radixact and TomoTherapy Systems. The VoLO solution features high-speed parallel processing for both dose calculation and optimization, based on Graphics Processing Unit (GPU) technology that empowers clinicians to create highly customized treatment plans in less time, with greater flexibility to work interactively and in real time to efficiently develop the best IMRT treatment plans for even the most complex cases.

The Accuray Precision Treatment Planning System can be further enhanced with optional advanced capabilities below:

PreciseART Adaptive Radiation Therapy Option. The PreciseART Radiation Therapy Option extends adaptive radiotherapy possibilities, delivering an entirely new level of system integration and workflow automation for Radixact Treatment Systems and other TomoTherapy Systems

compatible with iDMS. The PreciseART Option enables clinicians to monitor patient treatment and efficiently adapt plans, helping clinics of all sizes deliver more precise treatments to more patients. It offers automated processing of daily imaging to enable clinicians to monitor all patients and set protocol-specific action levels to flag cases for review and possible plan adaptation. Its streamlined re-planning capabilities leverage full integration of treatment delivery, planning and database systems to allow clinicians to efficiently generate new treatment plans based on previous plan data. It also maintains the integrity of original treatment plans to ensure tumor coverage, preserve Organ-At-Risk doses and reduce toxicity. We believe our PreciseART software is the only practically usable adaptive therapy solution available to the mainstream radiation therapy market.

PreciseRTX Retreatment Option. The PreciseRTX Retreatment Option from Accuray, developed in partnership with MIM Software, makes retreatment planning more efficient and effective. The option helps to accelerate and enhance the process of creating new treatment plans for patients who have received previous irradiation. The workflow includes importation of patient dose data, from either Accuray or non-Accuray planning systems, automatic deformation of original plan contours onto a new treatment planning CT, automatic deformation of previously delivered dose onto a new planning CT, generation of the re-treatment plan based on the information from existing plan and sumation of the original and new treatment plans to review the total dose.

Accuray iDMS Data Management System. Accuray iDMS creates a centralized platform for storing and managing all patient and treatment plan data. Designed to integrate with a wide range of technologies and systems, iDMS enables users and applications to securely and seamlessly access the data they need to drive efficient, informed, effective treatment. Information for patients to-be-treated or previously treated on any iDMS-compatible Accuray treatment delivery system will be maintained as a single treatment record, providing the flexibility to treat patients on any available Accuray treatment delivery system compatible with iDMS. It can manage users and privileges to control patient data access. It supports the Storage Vault option which can safely maintain years of encrypted patient data. It also offers customizable report generation of patient, plan and treatment system with Report Administration Application. In addition, the Accuray iDMS enables connectivity between Accuray Systems with other systems in radiation oncology departments, encompassing the entire radiotherapy workflow. iDMS offers several key capabilities:

OIS Connect Option. The OIS Connect software option is a DICOM standard-based solution that provides the ability to interface all iDMS-enabled Accuray treatment systems to a compatible Oncology Information System (OIS). This integration with electronic medical record generates a comprehensive export of the radiotherapy treatment history delivered using Accuray treatment systems.

PlanTouch. PlanTouch is the first commercially available, fully integrated software application in radiation oncology that allows physicians to remotely review and approve patients' radiation treatment plans for all iDMS-enabled Accuray treatment systems on an iPad. It offers the freedom of portability and access to the review functionalities of the Accuray Precision Treatment Planning System in a secure and simple way. PlanTouch gives users the freedom they desire and the efficiency the department needs.

Tomo Quality Assurance (TQA) package. The TQA application offers trending and reporting of many system and dosimetric parameters that allow physicians to monitor the performance of their TomoTherapy Systems.

Delivery Analysis. Delivery Analysis is a software option for TomoTherapy Systems that enables easy pre-treatment patient QA and also offers an innovative capability to monitor doses throughout the patient treatment using detector signals to ensure that the patient is receiving the expected dose from treatment to treatment. The product option provides both high level analytics for summary display as well as detailed analysis capability.

Sales and Marketing

In the United States, we primarily market to customers directly through our sales organization, and we also market to customers through sales agents and Integrated Delivery Networks (IDNs). Outside the United States, we market to customers directly and through distributors. We have sales and service offices in many countries in Europe, Japan, China, and other countries in Asia, Latin America, and throughout the world.

In direct sales markets, we employ a combination of territory sales managers, training specialists and marketing managers. Territory sales managers and product specialists are responsible for selling the systems to hospitals and stand-alone treatment facilities. Our marketing managers help market our current products and work with our engineering group to identify and develop upgrades and enhancements for our suite of products. Our training specialists train radiation oncologists, surgeons, physicists, dosimetrists and radiation therapists.

We market our products to radiation oncologists, neurosurgeons, general surgeons, oncology specialists and other referring physicians in hospitals and stand-alone treatment facilities. We intend to continue to increase our focus on marketing and education efforts to surgical specialists and oncologists responsible for treating tumors throughout the body, and are also working closely with hospital administrators to demonstrate the economic benefits of our offering. Our marketing activities also include efforts to inform and educate cancer patients about the benefits of the CyberKnife and TomoTherapy Systems.

Under our standard distribution agreement, we generally appoint a distributor for a specific country. We typically also retain the right to distribute the CyberKnife and TomoTherapy Systems in such territories, though we remain bound by certain agreements entered into by TomoTherapy prior to our acquisition that did not retain such rights in certain jurisdictions. In most territories, our distributors generally provide the full range of service and sales capabilities, although we may provide installation and service support for certain distributors.

Manufacturing

We purchase major components for each of our products from outside suppliers, including the robotic manipulator, treatment couches, gantry, magnetrons and computers. We closely monitor supplier quality, delivery performance and conformance to product specifications, and we also expect suppliers to contribute to our efforts to improve our manufacturing cost and quality.

Some of the components are obtained from single-source suppliers. These components include the gantry, couch, magnetron and solid state modulator for the TomoTherapy Systems and the robot, couch, and magnetron for the CyberKnife Systems. In most cases, if a supplier was unable to deliver these components, we believe 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 our treatment systems, which could adversely affect our reputation and results of operations. To help mitigate these risks, we negotiate long-term supply contracts or submit long-term orders and forecasts to our single-source suppliers with the goal that our demand can be satisfied and any capacity problem can be mitigated.

Currently, we manufacture our CyberKnife and TomoTherapy Systems in Madison, Wisconsin. We manufacture the linear accelerator for our TomoTherapy Systems at our Chengdu, China facility and we manufacture the linear accelerator for our CyberKnife Systems at our Sunnyvale, California facility. Our facilities employ state-of-the-art manufacturing techniques and equipment. The components manufactured at our Chengdu facility are produced under the International Standard Organization

(ISO), 9001:2008 certified quality management systems. The completed medical devices are designed, manufactured, installed, serviced and distributed at our Sunnyvale, Madison and Morges facilities under quality management systems which are compliant to the internationally recognized quality system standard for medical devices ISO, 13485:2003, and the Quality System regulations enforced by the FDA. We believe our manufacturing facilities will be adequate for our expected growth and foreseeable future demands for at least the next three years.

The manufacturing processes at our facilities include fabrication, subassembly, assembly, system integration and final testing. Our manufacturing personnel consist of fabricators, assemblers and technicians supported by production engineers as well as planning and supply chain managers. Our quality assurance program includes various quality control measures from inspection of raw material, purchased parts and assemblies through on-line inspection. We have also incorporated lean manufacturing techniques to improve manufacturing flow and efficiency. Lean manufacturing techniques include reducing wasteful and extraneous activities, balancing assembly and test flow, as well as better utilizing production assets and resources.

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 systems and other technology where available and when appropriate. We may also in-license the technology, inventions and improvements that we consider important to the development of our business. In addition, we also rely upon trade secrets, know-how, trademarks, copyright protection, as well as confidentiality agreements with employees, consultants and other third parties, to protect our proprietary rights and to develop and maintain our competitive position.

As of June 30, 2017, we held exclusive field of use licenses or ownership of approximately 368 U.S. and foreign patents, and approximately 107 U.S. and foreign patent applications. These patents and applications cover various components and techniques incorporated into the CyberKnife and TomoTherapy Systems, or which may be incorporated into new technologies under current development, all of which we believe will allow us to maintain a competitive advantage in the field of radiation therapy systems. We cannot be certain that any patents will be issued from any of our pending patent applications, nor can we be certain that any of our existing patents or any patents that may be granted to us in the future will provide us with protection.

We periodically monitor the activities of our competitors and other third parties with respect to their use of intellectual property.

Research and Development

Continued innovation is critical to our future success. Our current product development activities include projects expanding clinical applications, driving product differentiation, and continually improving the usability, interoperability, reliability, and performance of our products. We continue to seek to develop innovative technologies so that we can improve our products and increase our sales. Some of our product improvements have been discussed above under the heading "Our Products."

Our 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 accelerators, adaptive therapy, patient imaging, motion management, or treatment planning capabilities.

The modular design of our systems 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 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 systems, improve the speed and accuracy of patient treatment and meet other customer needs.

As of June 30, 2017, we had approximately 182 employees in our research and development departments. Research and development expenses for the fiscal years ended June 30, 2017, 2016, and 2015 were $49.9 million, $56.7 million and $55.8 million, respectively. We anticipate research and development expenses for fiscal 2018 to be higher than fiscal 2017 due to expected investment in development projects based on our current roadmap.

A key component of our research and development program is our collaboration with research programs at selected hospitals, cancer treatment centers, academic institutions and research institutions worldwide. Our agreements with these third-party collaborators generally require us to make milestone-based payments during the course of a particular project and often also require that we make up-front payments to fund initial activities. Generally, we obtain non-exclusive worldwide rights to commercialize results from the collaboration with an option to negotiate an exclusive license. For inventions resulting from the collaboration that we own or exclusively license, we generally grant a royalty-free license for the purpose of continuing the institution's research and development, and from time to time, we also grant broader licenses. Our research collaboration programs include work on clinical protocols and hardware and software developments. We also work with suppliers to develop new components in order to increase the reliability and performance of our products and seek opportunities to acquire or invest in the research of other parties where we believe it is likely to benefit our existing or future products.

We have entered into collaboration agreements with a variety of industrial partners within the fields of radiation oncology and medical imaging to provide us with opportunities to accelerate our innovation capability and bring complimentary products and technologies to market. We continue to seek out new partnerships to complement our internal developments and implement our product strategies.

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 clearance and 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, brachytherapy, chemotherapy and other drugs remain alternatives to the CyberKnife and TomoTherapy Systems.

New product sales in this competitive market are primarily dominated by two companies: Elekta AB (Elekta) and Varian Medical Systems, Inc. (Varian). 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 both radiosurgical and radiotherapy procedures. Our other competitors include BrainLAB AG (BrainLAB), ViewRay Inc. (ViewRay), and other companies in the radiosurgical and radiation therapy markets.

Furthermore, many government, academic and business entities are investing substantial resources in research and development of cancer treatments, including surgical approaches, radiation treatment, MRI-guided radiotherapy systems, proton therapy systems, drug treatment, immunotherapy, gene therapy, 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 and TomoTherapy Systems and their 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 assume 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 or less useful. We may not have the financial resources, technical expertise, marketing, distribution or support capabilities to compete successfully in the future. Our competitive position also depends, among other things, on:

- Widespread awareness, acceptance and adoption of our products by the radiation oncology and cancer therapy markets;
- Innovations that improve the effectiveness and productivity of our systems' treatment processes and enable them to address emerging customer needs;
- Availability of reimbursement coverage from third-party payors (including insurance companies, governments, and/or others) for procedures performed using our systems;
- Published, peer-reviewed data supporting the efficacy and safety of our systems;
- Limiting the time required from proof of feasibility to routine production;
- Limiting the time period and cost of regulatory approvals or clearances;
- 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 intellectual property 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 and maintaining any necessary United States or foreign regulatory approvals or clearances.

Our customers' equipment purchase considerations typically include reliability, treatment quality, service capabilities, patient throughput, price, payment terms and equipment supplier viability. We believe we compete favorably with our competitors on price and value based upon the technology offered by our treatment systems. We strive to provide a technologically superior product that covers substantially all aspects of radiation therapy to deliver precise treatments with high-quality clinical outcomes that meet or exceed customer expectations.

In addition to competition from technologies performing similar functions as our treatment systems, competition also exists for the limited capital expenditure budgets of our customers. For example, our treatment systems may compete with other equipment required by a radiation therapy department for financing under the same capital expenditure budget, which is typically limited. A purchaser, such as a hospital or cancer treatment center, may be required to select between the two items of capital equipment. Our ability to compete may also be adversely affected when purchase decisions are based solely upon price, since our products are premium-priced systems due to their higher level of functionality and performance.

US Reimbursement

In the United States, healthcare providers that purchase capital equipment such as the CyberKnife and TomoTherapy Systems generally rely on government and private third-party payors for reimbursement for the healthcare treatment and services they provide. Examples of these types of payors include Medicare, Medicaid, private health insurance plans, and health maintenance organizations, which reimburse all or a portion of the cost of treatment, as well as related healthcare services. Reimbursement involves three components: coverage, coding and payment.

Coverage

There are currently no national coverage determinations in place under Medicare for CyberKnife or TomoTherapy treatment. Coverage criteria for treatment with CyberKnife and TomoTherapy is outlined in local determinations or, in the absence of a formal policy, treatment is covered as long as it is considered reasonable and necessary. The most common indications covered by Medicare in local coverage determinations for radiotherapy are primary and metastatic tumors in the brain, spine, lung, liver, kidney, pancreas, adrenal gland, head and neck, breast, prostate, abdominal and retroperitoneal regions, as well as other cancers that have failed previous treatment. Commercial payor policies vary with respect to coverage for radiotherapy including many of the indications covered by Medicare, though coverage criteria may differ.

Coding

The codes that are used to report radiosurgery treatment delivery in 2017 for the hospital outpatient department are Current Procedural Terminology (CPT) codes 77372 and 77373 for single fraction intracranial radiosurgery and single fraction extracranial/multi-session radiosurgery/stereotactic body radiation therapy. For freestanding centers, robotic radiosurgery is billed with robotic radiosurgery Healthcare Common Procedural Codes (HCPCs) G codes. The non-robotic SRS/SBRT codes 77372 and 77373 are also payable codes in the freestanding site of service for non-robotic SRS/SBRT.

In 2017, in the hospital outpatient department, IMRT delivery is billed under CPT code 77385 for prostate, breast and physical compensator IMRT and 77386 for all other treatments. For 3D CRT three codes are used to report simple, intermediate, and complex treatments. TomoTherapy, considered a complex treatment, is reported under the complex 3D-CRT code 77413. In December 2015, the Patient Access and Medicare Protection Act stopped these codes from being implemented in the freestanding center setting until 2019. Until 2019, a series of temporary G codes will be used instead. We expect all valid delivery codes should be recognized by commercial payers. Other codes are used to report treatment planning, dosimetry, treatment management, and other procedures routinely performed for treating radiosurgery or radiotherapy patients.

Payment

The majority of procedures using the CyberKnife and TomoTherapy Systems are performed in the hospital outpatient department. Payment rates are established based on cost data submitted by hospitals. In 2017, Centers for Medicare and Medicaid Services (CMS) pays separately for certain ancillary procedures in addition to a Comprehensive APC that bundles delivery and some ancillary services for single session radiosurgery. Payment for all procedures performed in conjunction with all other types of radiosurgery, e.g. single session body radiosurgery or multi-session cranial and body radiosurgery remain separately payable. No major changes in payment have occurred in the past 2 years.

Payments for treatment with CyberKnife and TomoTherapy Systems are also available in the freestanding center settings. In 2017, the primary treatment delivery codes for robotic radiosurgery are carrier priced under Medicare and range from low payment to payment at parity with hospital

outpatient departments to slightly above outpatient rates. TomoTherapy procedures are set by CMS and the American Medical Association nationally, with adjustments to account for geographic market variations. No major cuts to payment have occurred in the past 2 years and payment is expected to remain stable through 2018 as mandated by the 2015 Patient Access and Medicare Protection Act that froze payment at 2016 levels through 2018.

The federal government and Congress review and adjust rates annually, and from time to time consider various Medicare and other healthcare reform proposals that could significantly affect both private and public reimbursement for healthcare services, including radiotherapy and radiosurgery, in hospitals and free-standing clinics. In the past, we have seen our customers' decision-making process complicated by the uncertainties surrounding reimbursement rates for radiotherapy and radiosurgery in the United States. State government reimbursement for services is determined pursuant to each state's Medicaid plan, which is established by state law and regulations, subject to requirements of federal law and regulations.

Foreign Reimbursement

Internationally, reimbursement and healthcare payment systems vary from country to country and include single-payor, government-managed systems as well as systems in which private payors and government-managed systems exist side-by-side. In general, the process of obtaining coverage approvals has been slower outside of the United States. Our ability to achieve adoption of our treatment systems, and significant sales volume in international markets, will depend in part on the availability of reimbursement for procedures performed using our products.

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 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;
- Labeling and packaging controls;
- Product storage;
- Recordkeeping;
- Servicing;
- Corrective and preventive action and 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 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, 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) devices, are placed in class III, requiring pre-market approval. All of our current products are class II devices requiring 510(k) clearances.

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 and legally marketed 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 (PMA). By statute, the FDA has targets to clear or deny a 510(k) pre-market notification after 90 days of review from submission of the application. Clearance generally takes longer as the FDA may require further information, including clinical data, to make a determination regarding substantial equivalence.

In January 2002, we received 510(k) clearance for the TomoTherapy Hi-Art System intended to be used as an integrated system for the planning and delivery of IMRT for the treatment of cancer. In August 2008, we received 510(k) clearance for our TomoDirect System. In June 2016, we received 510(k) clearance for the Radixact Treatment Delivery Platform. We also received 510(k) clearance for our new treatment planning and data management systems, Accuray Precision Treatment Planning System and iDMS Data Management System.

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. In October 2012, we received 510(k) clearance for the InCise MLC with clearance from the FDA on July 1, 2015.

Pre-market approval (PMA) pathway. A PMA must be submitted to the FDA if the device is not eligible for 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 reasonable evidence of the device's safety and efficacy to the FDA's satisfaction. Currently, no device we have developed and commercialized has required pre-market approval.

Product modifications. After a device receives 510(k) clearance or a PMA approval, it may be changed or modified. 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. Regulations provide that the manufacturer initially determines when a specific modification requires notification to FDA. The FDA has issued draft guidance that, if finalized and implemented, will result in manufacturers needing to seek a significant number of new clearances for changes made to legally marketed devices. The FDA reviews the manufacturer's decision to file a 510(k) or PMA for modifications during facility audits.

We have modified aspects of our CyberKnife and TomoTherapy families 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. The FDA may review our 510(k) filing decision, and can disagree with our initial determination. FDA may take regulatory action from requiring new filings to injunction if it disagrees with our determinations not to seek a new 510(k) clearance or PMA approval for modifications. The FDA reviewed and cleared the most recent versions of the CyberKnife System and TomoTherapy, including Radixact System in this fiscal year.

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

- Quality System Regulation (QSR), which require manufacturers, including third-party manufacturers, to follow stringent design, testing, 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. Our Sunnyvale facility, where we manufacture the CyberKnife Systems, was most recently inspected by the FDA in August 2016. The August 2016 inspection resulted in no observations. In addition, our Madison facility, where we manufacture the finished TomoTherapy and CyberKnife Systems, was most recently inspected by the FDA in July 2012. The July 2012 inspection resulted in no observations. We believe 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.

Radiological health. Because our CyberKnife and TomoTherapy Systems contain 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 United States 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.

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 (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 or collaboration services. Similarly, we have a variety of different types of arrangements with our customers. 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 or educational grants to customers to support customer studies related to, among other things, our CyberKnife and TomoTherapy 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 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.

Transparency laws. The Physician Payment Sunshine Act (the Sunshine Act), which was enacted by Congress as part of the Patient Protection and Affordable Care Act on December 14, 2011, requires each applicable manufacturer, which includes medical device companies such as Accuray, to track and report to the federal government on an annual basis all payments and other transfers of value from such applicable manufacturer to U.S. licensed physicians and teaching hospitals as well as physician ownership of such applicable manufacturer's equity, in each case subject to certain statutory exceptions. Such data will be made available by the government on a publicly searchable website. Failure to comply with the data collection and reporting obligations imposed by the Sunshine Act can result in civil monetary penalties ranging from $1,000 to $10,000 for each payment or other transfer of value that is not reported (up to a maximum of $150,000 per reporting period) and from $10,000 to $100,000 for each knowing failure to report (up to a maximum of $1 million per reporting period). In addition, we are subject to similar state and foreign laws related to the tracking and reporting of payments and other transfers of value to healthcare professionals. These laws require or will require that we implement the necessary and costly infrastructure to track and report such payments and transfers of value. 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 Referrals 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 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 or an immediate family member 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 may be required to pay three times the actual damages sustained by the government, plus mandatory civil penalties of between $10,957 and $21,916 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 or TomoTherapy System, with general reimbursement advice. While we believe this will assist our customers in filing proper claims for reimbursement, and even though 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 and determined to be in violation of any of these laws.

HIPAA. The Health Insurance Portability and Accountability Act of 1996 (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 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. 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. Furthermore, as of February 2010, business associates are now directly subject to regulations under HIPAA, including a new enforcement scheme, criminal and civil penalties for certain violations, and inspection requirements.

Foreign Corrupt Practices Act. The United States and foreign government regulators have increased regulation, enforcement, inspections and governmental investigations of the medical device industry, including increased United States government oversight and enforcement of the Foreign Corrupt Practices Act. Whenever the United States or another foreign governmental authority concludes that we are not in compliance with applicable laws or regulations, such governmental authority can impose fines, delay or suspend regulatory clearances, institute proceedings to detain or seize our products, issue a recall, impose operating restrictions, enjoin future violations and assess civil penalties against us or our officers or employees, and can recommend criminal prosecution to the Department of Justice. Moreover, governmental authorities can ban or request the recall, repair, replacement or refund of the cost of any device or product we manufacture or distribute. We are also potentially subject to the UK Bribery Act, which could also lead to the imposition of civil and criminal fines. Any of the foregoing actions could result in decreased sales as a result of negative publicity and product liability claims, and could have a material adverse effect on our financial condition, results of operations and prospects.

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 (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 to the essential requirements of the applicable directives and, accordingly, may be commercially distributed throughout the member states of the EEA.

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 and February 2005, our and TomoTherapy's facilities, respectively, were awarded the ISO 13485 certification, which replaces the ISO 9001 and EN 46001 standards, which have 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. Under the Pharmaceutical Affairs Law in Japan, a pre-market approval necessary to sell, market and import a product (Shonin) must be obtained from the Ministry of Health, Labor and Welfare (MHLW), for our products. A Japanese distributor received the first government approval to market the CyberKnife System from MHLW in November 1996. 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 MHLW to market the CyberKnife G4 System to treat tumors non-invasively anywhere in the body, inclusive of head and neck. Hi- Art Co. Ltd., the original distributor for TomoTherapy in Japan, received the Shonin approval from the MHLW to market the TomoTherapy System for use as an integrated system for the planning and delivery of IMR for the treatment of cancer in January 2006. In July 2012, Accuray took responsibility for both the CyberKnife and TomoTherapy Shonins and the service operations in Japan. In March 2014, we received Shonin approval from MHLW for CyberKnife M6 Series as well as the InCise MLC and in January 2017, we received Shonin approval from MHLW for the Radixact Treatment Delivery Platform.

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 one of our systems, and from performing stereotactic radiosurgery procedures using one of our systems. 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 one of our systems. 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 one of our systems through certificate of need or similar programs could adversely affect us.

Backlog

For a discussion of the Company's fiscal 2017 backlog, please refer to the section entitled *"Backlog,"* in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

Employees

As of June 30, 2017, we had 944 employees worldwide. None of the employees are represented by a labor union or 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 15, *Segment Disclosure*, to the consolidated financial statements, which are incorporated herein by reference.

Available Information

Our main corporate website address is *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, and any amendments to those reports, as soon as reasonably practicable after filing such material electronically or otherwise furnishing it to the Securities and Exchange Commission, the SEC. All SEC filings are also available at the SEC's website at *www.sec.gov*. In addition, the Corporate Governance Guidelines and the charters of the Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee, and Disclosure Committee of our Board of Directors are also available on the investor relations page of our website. 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.

We operate in a rapidly changing environment that involves significant risks, a number of which are beyond our control. In addition to the other information contained in this Form 10-K, the following discussion highlights some of these risks and the possible impact of these factors on our business, financial condition and future results of operations. If any of the following risks actually occur, our business, financial condition or results of operations may be adversely impacted, causing the trading price of our common stock to decline. In addition, these risks and uncertainties may impact the "forward-looking" statements described elsewhere in this Form 10-K and in the documents incorporated herein by reference. They could affect our actual results of operations, causing them to differ materially from those expressed in "forward- looking" statements.

Item 1A. RISK FACTORS

Risks Related to Our Business

If the CyberKnife or TomoTherapy Systems do 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 and TomoTherapy Systems as preferred methods of tumor treatment is crucial to our continued success. Physicians will not begin to use or increase the use of the CyberKnife or TomoTherapy Systems unless they determine, based on experience, clinical data and other factors, that the CyberKnife and TomoTherapy Systems are safe and effective alternatives to traditional treatment methods.

We often need to educate physicians about the use of stereotactic radiosurgery, IGRT and adaptive radiation therapy, convince healthcare payors that the benefits of the CyberKnife and TomoTherapy Systems and their related treatment processes outweigh their costs, and help train qualified physicians in the skilled use of these systems. In addition, we also must educate prospective customers regarding the entire functionality of our radiation therapy systems and their relative benefits compared to alternative products and treatment methods. We have expended and will continue to expend significant resources on marketing and educational efforts to create awareness of stereotactic radiosurgery and Robotic IMRT as well as adaptive radiation therapy and IGRT generally and to encourage the acceptance and adoption of our products for these technologies. We cannot be sure that our products will gain significant market acceptance among physicians, patients and healthcare payors, even if we spend significant time and expense on their education.

In addition, the CyberKnife and TomoTherapy Systems are major capital purchases, 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 market acceptance of each of the CyberKnife and TomoTherapy Systems:

- the CyberKnife and TomoTherapy Systems' price relative to other products or competing treatments;
- our ability to develop new products and enhancements and receive regulatory clearances and approval, if required, to existing products in a timely manner;
- increased scrutiny by state boards when evaluating certificates of need requested by purchasing institutions;
- perception by patients, physicians and other members of the healthcare community of the CyberKnife and TomoTherapy Systems' safety, efficacy, efficiency and benefits compared to competing technologies or treatments;
- willingness of physicians to adopt new techniques and the ability of physicians to acquire the skills necessary to operate the CyberKnife and TomoTherapy Systems;
- extent of third-party coverage and reimbursement rates, particularly from Medicare, for procedures using the CyberKnife and TomoTherapy Systems; and
- development of new products and technologies by our competitors or new treatment alternatives.

If the CyberKnife or TomoTherapy Systems are unable to achieve or maintain market acceptance, new orders and sales of our systems would be adversely affected, our revenue levels would decrease and our business would be harmed.

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

In order to implement our business strategy, we expect continued growth in our infrastructure requirements, particularly as we expand our manufacturing capacities and our sales and marketing capabilities. 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. 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.

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

As of June 30, 2017, we had an accumulated deficit of $450.4 million. We may incur net losses in the future, particularly as we improve our selling and marketing activities. Our ability to achieve and sustain long-term profitability is largely dependent on our ability to successfully market and sell the CyberKnife and TomoTherapy Systems, control our costs, and effectively manage our growth. We cannot assure you that we will be able to achieve profitability. In the event we fail to achieve profitability, our stock price could decline.

A number of factors may adversely impact our gross margins on product sales and services, including:

- lower than expected manufacturing yields of high cost components leading to increased manufacturing costs;
- low production volume which will result in high levels of overhead cost per unit of production;
- the timing of revenue recognition and revenue deferrals;
- increased material or labor costs;
- increased service or warranty costs or the failure to reduce service or warranty 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 we are unable to maintain or increase our gross margins on product sales and service, our results of operations could be adversely impacted, we may not achieve profitability and our stock price could decline.

Our operating results, including our quarterly orders, revenues and margins fluctuate from quarter to quarter and may be unpredictable, which may result in a decline in our stock price.

We have experienced and expect in the future to experience fluctuations in our operating results, including gross orders, revenues and margins, from period to period. Drivers of orders include the introduction and timing of new product or product enhancement announcements by us and our competitors, as well as changes or anticipated changes in third-party reimbursement amounts or policies applicable to treatments using our products. The availability of economic stimulus packages or other government funding, or reductions thereof, may also affect timing of customer purchases. Our products have a high unit price and require significant capital expenditures by our customers. Accordingly, we experience long sales and implementation cycles, which is of greater concern during the current volatile economic environment where we have had customers delaying or cancelling orders. When orders are placed, installation, delivery or shipping, as applicable, is accomplished and the revenues recognized affect our quarterly results. Further, because of the high unit price of the CyberKnife and TomoTherapy Systems and the relatively small number of units sold or installed each quarter, each sale or installation of a CyberKnife or TomoTherapy System can represent a significant percentage of our net orders, backlog or revenue for a particular quarter.

Once orders are received and booked into backlog, factors that may affect whether these orders become revenue (or are cancelled or deemed aged-out and reflected as a reduction in net orders) and the timing of revenue include:

- economic or political instability in foreign countries;

- delays in the customer obtaining funding or financing;
- delays in construction at the customer site and delays in installation;
- delays in the customer obtaining receipt of local or foreign regulatory approvals such as certificates of need in certain states or Class A user licenses in China;
- timing of when we are able to recognize revenue associated with sales of the CyberKnife and TomoTherapy Systems, which varies depending upon the terms of the applicable sales and service contracts; and
- the proportion of revenue attributable to orders placed by our distributors which may be more difficult to forecast due to factors outside our control.

Our operating results may also be affected by a number of other factors some of which are outside of our control, including:

- the proportion of revenue attributable to 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 or foreign regulatory approvals, such as Class A user licenses in China;
- 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;
- the 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; and
- fluctuations in our gross margins and the factors that contribute to such fluctuations, as described in the Management's Discussion and Analysis of Financial Condition and Results of Operations.

Because many of our operating expenses are based on anticipated sales and a high percentage of these expenses are fixed for the short term, a small variation in the timing of revenue recognition can cause significant variations in operating results from quarter to quarter. Our overall gross margins are impacted by a number of factors described in our risk factor entitled "Our ability to achieve profitability depends in part on maintaining or increasing our gross margins on product sales and services, which we may not be able to achieve." If our financial results fall below the expectation of securities analysts and investors, the trading price of our common stock would almost certainly decline.

We report on a quarterly and annual basis our orders and backlog. Unlike revenues, orders and backlog are not defined by U.S. GAAP, and are not within the scope of the audit conducted by our independent registered public accounting firm. Also, for the reasons discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations, our orders and backlog cannot necessarily be relied upon as accurate predictors of future revenues. Order cancellation or significant delays in installation date will reduce our backlog and future revenues, and we cannot predict if or when orders will mature into revenues. Particularly high levels of cancellations or age-outs in one or more periods may cause our revenue and gross margins to decline in current or future periods and will make it difficult to compare our operating results from quarter to quarter.

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 and TomoTherapy Systems are complex and require 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. Our linear accelerator components are extremely complex devices and require significant expertise to manufacture, and we may encounter difficulties in scaling up production of the CyberKnife or TomoTherapy Systems, including problems with quality control and assurance, component supply shortages, increased costs, shortages of qualified personnel, the long lead time required to develop additional radiation-shielded facilities for purposes of testing our products 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 QSR for any products imported into, or sold within, the United States. The QSR is a complex regulatory scheme that covers the methods and documentation of the design, testing, production process and controls, manufacturing, labeling, quality assurance, packaging, storage and shipping of our products. Furthermore, we are required to verify that our suppliers maintain facilities, procedures and operations that comply with our quality requirements. We are also subject to state licensing and other requirements and licenses applicable to manufacturers of medical devices, and we are required to comply with ISO, quality system standards in order to produce products for sale in Europe and Canada, as well as various other foreign laws and regulations. Because our manufacturing processes include the production of 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 inspections, some of which may be unannounced. We have been, and anticipate in the future being subject to such inspections. FDA inspections usually occur every two to three years. During such inspections, the FDA may issue Inspectional Observations on Form FDA 483, listing instances where the manufacturer has failed to comply with applicable regulations and procedures, or warning letters.

If a manufacturer does not adequately address the observations, the FDA may take enforcement action against the manufacturer, including the imposition of fines, restriction of the ability to export product, total shutdown of production facilities and criminal prosecution. If we or a third-party supplier receive a Form FDA 483 with material or major observations that are not promptly corrected, fail to pass a QSR inspection, or fail to comply with these, ISO and other applicable regulatory requirements, our operations could be disrupted and our ability to generate sales could be delayed. 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. In addition, because some foreign regulatory approvals are based on approvals or clearances from the FDA, any failure to comply with FDA requirements may also disrupt our sales of products in other countries. 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 any of these events occur, our reputation could be harmed, we could lose

customers and there could be a material adverse effect on our business, financial condition and results of operations.

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.

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 and TomoTherapy Systems. 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 obsolete or less useful 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, brachytherapy, chemotherapy or other drugs remain alternatives to the CyberKnife and TomoTherapy Systems.

We consider the competition for the CyberKnife and TomoTherapy Systems to be existing radiation therapy systems, primarily using C-arm linacs, which are sold by large, well-capitalized companies with significantly greater market share and resources than we have. Several of these competitors are also able to leverage their fixed sales, service and other costs over multiple products or product lines. In particular, we compete with a number of existing radiation therapy equipment companies, including Varian, Elekta, BrainLAB and ViewRay. Varian has been the leader in the external beam radiation therapy market for many years and has the majority market share for radiation therapy systems worldwide. In general, because of aging demographics and attractive market factors in oncology, we believe that new competitors will enter the radiosurgery and radiation therapy markets in the years ahead. In October 2012, Varian announced a new line of C-arm gantries, called the Edge systems, which Varian claims are specifically designed for radiosurgery to compete with our CyberKnife Systems. In addition, some manufacturers of conventional 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 both radiosurgical and radiotherapy procedures. In May 2017, Varian launched a new radiation therapy product called Halcyon which they have positioned against our TomoTherapy product line.

Furthermore, many government, academic and business entities are investing substantial resources in research and development of cancer treatments, including surgical approaches, radiation treatment, MRI-guided radiotherapy systems, proton therapy systems, 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 and TomoTherapy Systems and their technologies obsolete. Many of our competitors have or may have greater corporate, financial, operational, sales and marketing resources, and more experience and resources 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 or less useful. 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.

If we are unable to develop new products or enhance existing products to meet our customers' needs and compete favorably in the market, we may be unable to attract or retain customers.

Our success depends on the successful development, regulatory clearance or approval, introduction and commercialization of new generations of products, treatment systems, and enhancements to and/or simplification of existing products that will meet our customers' needs provide novel, features and compete favorably in the market. The CyberKnife and TomoTherapy Systems, which are currently our principal products, are technologically complex and must keep pace with, among other things, the products of our competitors and new technologies. We are making significant investments in long-term growth initiatives. 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, will be affected by our ability to:

- properly identify and address customer needs;
- prove feasibility of new products in a timely manner;
- educate physicians about the use of new products and procedures;
- comply with internal quality assurance systems and processes timely and efficiently;
- manage the timing and cost of obtaining regulatory approvals or clearances;
- accurately predict and control costs associated with inventory overruns caused by phase-in of new products and phase-out of old products;
- price new 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;
- meet our product development plan and launch timelines;
- improve manufacturing yields of components; and
- manage customer demands for retrofits of both old and new products.

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, obtain regulatory approval or clearance for, manufacture or introduce new products, treatment systems or enhancements, the roll-out of which involves compliance with complex quality assurance processes, including QSR. Failure to obtain regulatory approval or clearance for our products or to complete these processes in a timely and efficient manner 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.

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 a CyberKnife or TomoTherapy 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 and therapeutic procedures involving delivery of radiation to the body, defects, even if small, could result in a number of complications, some of which could be serious and could harm or kill patients. Any alleged weaknesses in physician training and services associated with our products may result in unsatisfactory patient outcomes and 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 and create adverse publicity. A product liability claim, regardless of its merit or eventual outcome, could result in significant legal defense costs. We may also be subject to claims for property damage or economic loss related to, or resulting from, any errors or defects in our products, or the installation, servicing and support of our products, or any professional services rendered in conjunction with our products. 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 of coverage. A product liability claim, any product recalls or other field actions or excessive warranty claims, whether arising from defects in design or manufacture or labeling, could negatively affect our sales or require a change in the design, manufacturing process or the indications for which the CyberKnife or TomoTherapy Systems 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 because of design or manufacturing, or labeling 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 initiated recalls and product corrections in the past, including two recalls for the CyberKnife System in fiscal year 2017. The two recalls initiated in 2017 have been closed with FDA. One recall initiated in fiscal year 2016 continued into fiscal 2017 and was closed in October 2016. While no serious adverse health consequences have been reported in connection with these recalls and the costs associated with each such recall were not material, we cannot ensure that the FDA will not require that we take additional actions to address problems that resulted in previous recalls. A required notification of a correction or removal 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, corrections or recalls, especially if accompanied by unfavorable publicity, patient injury or termination of customer contracts, could result in incurring substantial costs, losing revenues and damaging our reputation, each of which would harm our business.

Our reliance on single-source suppliers for critical components of the CyberKnife and TomoTherapy Systems 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 and TomoTherapy Systems, including, with respect to the CyberKnife System, the robot, couch and, magnetron and, with respect to the TomoTherapy Systems, the ring gantry, couch, the solid state modulator and the magnetron. If any single-source supplier was to cease delivering components to us or fail to provide the components to our specifications and on a timely basis, we might be required to find alternative sources for these components. In some cases, alternative suppliers may be located in the same geographic area as existing suppliers, and are thus subject to the same economic, political, and geographic factors that may affect existing suppliers to meet our demand. 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 or TomoTherapy Systems, which could harm our ability to generate revenue and damage our reputation. Even if we do find alternate suppliers, we will 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 or TomoTherapy Systems, we will be required to verify that the new manufacturer maintains facilities, procedures and operations that comply with our quality and applicable regulatory requirements 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 or TomoTherapy Systems 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 adversely affect our reputation and results of operations.

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, sales, marketing, operations and research and development staff. Our future success will depend in part on our ability to retain our key employees and to identify, hire and retain additional personnel. Competition for qualified personnel in the medical device industry 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. A significant portion of our compensation to our key employees is in the form of stock related grants. A prolonged depression in our stock price could make it difficult for us to retain our employees and recruit additional qualified personnel and we may have to pay additional compensation to employees to incentivize them to join or stay with the Company. 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.

Disruption of critical information technology systems, infrastructure, and data could harm our business and financial condition.

Information technology helps us operate more efficiently, interface with customers, maintain financial accuracy and efficiency, and accurately produce our financial statements. If we do not allocate and effectively manage the resources necessary to build, sustain and secure the proper technology infrastructure, we could be subject to transaction errors, processing inefficiencies, the loss of customers, business disruptions, or the loss of or damage to intellectual property through a security breach. In addition, we have moved some of our data and information to a cloud computing system, where applications and data are hosted, accessed and processed through a third-party provider over a broadband Internet connection. In a cloud computing environment, we could be subject to outages and security breaches by the third-party service provider. If our data management systems do not effectively collect, store, process and report relevant data for the operation of our business, whether due to equipment malfunction or constraints, software deficiencies, computer viruses, security breaches, catastrophic events or human error, our ability to effectively plan, forecast and execute our business plan and comply with applicable laws and regulations will be impaired, perhaps materially. Any such impairment could materially and adversely affect our financial condition, results of operations, cash flows and the timeliness with which we internally and externally report our operating results.

Our information systems require an ongoing commitment of significant resources to maintain, protect, and enhance existing systems and develop new systems to keep pace with continuing changes in information processing technology, evolving legal and regulatory standards, the increasing need to protect patient and customer information, and the information technology needs associated with our changing products and services. There can be no assurance that our process of consolidating the number of systems we operate, upgrading and expanding our information systems capabilities, continuing to build security into the design of our products, protecting and enhancing our systems and developing new systems to keep pace with continuing changes in information processing technology will be successful or that additional systems issues will not arise in the future.

If we are unable to maintain reliable information technology systems and prevent data breaches, we may suffer regulatory consequences in addition to business consequences. Our worldwide operations mean that we are subject to data protection and cyber security laws and regulations in many jurisdictions, and that some of the data we process, store and transmit may be transmitted across countries. In the U.S., HIPAA privacy and security rules require us as a business associate to protect the confidentiality of patient health information, and the Federal Trade Commission has begun to assert authority over protection of privacy and the use of cyber security in information systems. In Europe, the General Data Protection Regulation requires us to manage individually identifiable information in the E.U. and, in the event of violations, may impose significant fines. China and Russia have also passed laws that require individually identifiable data on their citizens to be maintained on local servers and that may restrict transfer or processing of that data. There is no guarantee that we will avoid enforcement actions by governmental bodies or that our costs of compliance will not increase significantly. Enforcement actions can be costly and interrupt regular operations of our business. In addition, there has been a developing trend of civil lawsuits and class actions relating to breaches of consumer data held by large companies. While we have not been named in any such suits, if a substantial breach or loss of data from our records were to occur, we could become a target of such litigation.

Likewise, data privacy breaches by employees and others with permitted access to our systems may pose a risk that sensitive data may be exposed to unauthorized person or to the public. There can be no assurance that any efforts we make to prevent against such privacy breaches will prevent

breakdowns or breaches in our systems that could adversely affect our business. Moreover, we manufacture and sell products that allow our customers to store confidential information about their patients. We do not have measures to secure our customers' equipment or any information stored in our customers' systems or at their locations, which is the responsibility of our customers. A breach of network security and systems or other events that cause the loss or public disclosure of, or access by third parties to, sensitive information stored by us or our customers could have serious negative consequences for our business, including possible fines, penalties and damages, reduced demand for our solutions, an unwillingness of our customers to use our solutions, harm to our reputation and brand, and time-consuming and expensive litigation, any of which could have an adverse effect on our financial results.

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 maintain effective controls and provide reliable financial reports, our business and operating results could be harmed.

A failure to implement and maintain effective internal control over financial reporting could result in a material misstatement of our financial statements or otherwise cause us to fail to meet our financial reporting obligations. This, in turn, could result in a loss of investor confidence in the accuracy and completeness of our financial reports, which could have an adverse effect on our business and operating results and our stock price, and we could be subject to stockholder litigation.

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

The complexity of our financial model contributes to the difficulties in determining the effectiveness of our financial reporting systems and internal controls. We recognize revenue from a range of transactions including CyberKnife and TomoTherapy Systems sales and services. The CyberKnife and TomoTherapy Systems are complex products that contain both hardware and software elements. The complexity of the CyberKnife and TomoTherapy Systems 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, and/or we would be required to amend or restate historical financial statements, this would likely have a negative impact on our stock price.

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

Our customers rely significantly on reimbursement from public and private third-party payors for CyberKnife and TomoTherapy systems 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 procedures that are performed with our products. Third-party payors may establish or change the reimbursement for medical products and services that could 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 or payment for the procedures that are performed with 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.

CMS reviews reimbursement rates annually and may implement significant changes in future years, which could discourage existing and potential customers from purchasing or using our products.

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

Although we believe that the CyberKnife and TomoTherapy Systems have advantages over competing products and technologies, we do not have sufficient clinical data demonstrating these advantages for all tumor indications. 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. We also have limited clinical data directly comparing the effectiveness of the CyberKnife Systems to other competing systems. Future patient studies or clinical experience may indicate that treatment with the CyberKnife System does not improve patient survival or outcomes.

Likewise, because the TomoTherapy Systems have only been on the market since 2003, we have limited complication or patient survival rate data with respect to treatment using the system. In addition, while the effectiveness of radiation therapy is well understood, there is a growing but still limited number of peer-reviewed medical journal publications regarding the efficacy of highly conformal treatment such as that delivered by the TomoTherapy System. If future patient studies or clinical experience do not support our beliefs that the TomoTherapy System offers a more advantageous treatment for a wide variety of cancer types, use of the system could fail to increase or could decrease, and our business would therefore be adversely affected.

Such results could reduce the rate of reimbursement by both public and private third-party payors for procedures that are performed with our products, 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.

We rely on third parties to perform spare parts shipping and other logistics functions on our behalf. A failure or disruption at our logistics providers would adversely impact our business.

Customer service is a critical element of our sales strategy. Third-party logistics providers store most of our spare parts inventory in depots around the world and perform a significant portion of our spare parts logistics and shipping activities. If any of our logistics providers terminates its relationship with us, suffers an interruption in its business, or experiences delays, disruptions or quality control problems in its operations, or we have to change and qualify alternative logistics providers for our spare parts, shipments of spare parts to our customers may be delayed and our reputation, business, financial condition and results of operations may be adversely affected.

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. 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 radiation therapy and stereotactic radiosurgery to treat 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.

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 funds, if 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 are 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 are 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, pay ongoing royalties or otherwise settle such matter upon terms that are unfavorable to us. In these circumstances, we may be unable to sell our products at competitive prices or at all, and our business and operating results could be harmed.

We may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

As is common in the medical device industry, we employ individuals who were previously employed at other medical equipment or biotechnology companies, including our competitors or potential competitors. We may be subject to claims that we or those employees have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. Even if we are successful in defending against claims of this nature, litigation could result in substantial costs and be a distraction to management.

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. As key patents expire, our ability to prevent competitors from copying our technology may be limited.

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 or TomoTherapy Systems 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 and TomoTherapy Systems, 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 from our core business. We may not have sufficient resources to enforce our intellectual property rights or to defend our patents against a challenge. In addition, we may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially valuable. Litigation also puts our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing. Additionally, we may provoke third parties to assert claims against us.

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.

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.

Unfavorable results of legal proceedings could materially and adversely affect our financial condition.

We are and may become a party to legal proceedings, claims and other legal matters in the ordinary course of business or otherwise. These legal proceedings, claims and other legal matters, regardless of merit, may be costly, time-consuming and require the attention of key management and other personnel. The outcomes of such matters are uncertain and difficult to predict. If any such

matters are adjudicated against us, in whole or in part, we may be subject to substantial monetary damages, disgorgement of profits, and injunctions that prevent us from operating our business, any of which could materially and adversely affect our business and financial condition. We cannot guarantee that our insurance coverage will be sufficient to cover any damages awarded against us.

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

Our international sales, as a percentage of total revenue, have increased over the last five fiscal years. The percentage of our revenue derived from sales outside of the Americas region was 60% in 2017, 60% in 2016 and 54% in 2015. 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 our products in foreign markets and that the percentage of our overall revenue that is derived from these markets may 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 in foreign countries, including the market volatility caused by the recent approval by voters in the U.K. of a referendum to leave the EU;
- import delays;
- changes in foreign regulatory laws governing, among other matters, the clearance, approval and sales of medical devices;
- the potential failure to comply with foreign regulatory requirements to sell and market our products;
- longer payment cycles associated with many customers outside the United States;
- adequate coverage and reimbursement for the CyberKnife and TomoTherapy treatment procedures 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;
- risks relating to foreign currency, including fluctuations in foreign currency exchange rates possibly causing fewer sales due to the strengthening of the U.S. Dollar; 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 inability to overcome these obstacles could harm our business, financial condition and operating results. Even if we are successful in managing these obstacles, our partners internationally are subject to these same risks and may not be able to manage these obstacles effectively.

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.

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

Our business and results of operations are materially affected by conditions in the global capital markets and the economy generally. A general economic slowdown and the volatility in current economic conditions could adversely affect our business including our ability to raise financing. Concerns over the slow economic recovery, the level of U.S. national debt, currency fluctuations and volatility, the rate of growth of Japan, China, and other Asian economies, unemployment, the availability and cost of credit, the U.S. housing market, inflation levels, negative interest rates, energy costs and geopolitical issues have contributed to increased volatility and diminished expectations for the economy and the markets.

Additionally, uncertain credit markets and concerns regarding the availability of credit 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 continues to deteriorate or does not improve, our business could be negatively affected, including by 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. For example, 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 or TomoTherapy Systems. In addition, some of our customers have been delayed in obtaining, or have not been able to obtain, necessary financing for the construction or renovation of facilities to house CyberKnife or TomoTherapy Systems, the cost of which can be substantial. 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, backlog and revenues, and therefore harm our business and results of operations. In addition, the recent approval by voters in the U.K. of a referendum to leave the EU has caused, and may continue to cause, uncertainty in the global markets. The U.K.'s proposed exit from the EU, if implemented, will take some period of time to complete and could result in regulatory changes that impact our business. We will review the impact of any resulting changes to EU or U.K. law that could affect our operations, such as labor policies, financial planning, product manufacturing, and product distribution. Political and regulatory responses to the vote are still developing and we are in the process of assessing the impact the vote may have on our business as more information becomes available.

Because the majority of our product revenue is derived from sales of the CyberKnife and TomoTherapy Systems, which have a long and variable sales and installation cycle, our revenues and cash flows may be volatile and difficult to predict.

Our primary products are the CyberKnife and TomoTherapy Systems. We expect to generate substantially all of our revenue for the foreseeable future from sales of and service contracts for the CyberKnife and TomoTherapy Systems. The CyberKnife and TomoTherapy Systems have lengthy sales and purchase order cycles because they are major capital equipment items and require the approval of senior management at purchasing institutions. Selling our systems, from first contact with a potential customer to a complete order, generally spans six months to two years and involves personnel with multiple skills. 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 or TomoTherapy System, we negotiate and enter into a definitive purchase contract with the customer. The negotiation of terms that are not standard for Accuray may require

additional time and approvals. Typically, following the execution of the contract, the customer begins the building or renovation of a radiation-shielded facility to house the CyberKnife or TomoTherapy System, which together with the subsequent installation of the CyberKnife or TomoTherapy System, can take up to 24 months to complete. 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 was denied for installation at a specific hospital or treatment center, our CyberKnife or TomoTherapy 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 or TomoTherapy System can be installed, which can result in additional construction and installation delays. Our sales and installations of CyberKnife and TomoTherapy 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 or TomoTherapy System purchase until after installation has occurred, if we are responsible for providing installation. For international sales through distributors, we typically recognize revenue when the system is shipped and we have evidence of a purchase commitment from the end user. Under our current forms of purchase and service contracts, we record a majority of the purchase price as revenue for a CyberKnife or TomoTherapy 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, including delays in the customer obtaining funding or financing, delays in construction at the customer site or delays in the customer obtaining receipt of regulatory approvals such as certificates of need.

The long sales cycle, together with delays in the shipment and installation of CyberKnife and TomoTherapy Systems or customer cancellations, could 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.

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

We depend on a number of distributors in our international markets. We cannot control the efforts and resources our third-party distributors will devote to marketing the CyberKnife or TomoTherapy Systems. Our distributors may not be able to successfully market and sell the CyberKnife or TomoTherapy Systems, may not devote sufficient time and resources to support the marketing and selling efforts and may not market the CyberKnife or TomoTherapy Systems 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. 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 or TomoTherapy Systems, and our ability to sell and service the CyberKnife or TomoTherapy Systems in the region formerly serviced by such terminated distributor could be materially and adversely affected. Any of these factors could materially and 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 or TomoTherapy Systems 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.

The high unit price of the CyberKnife and TomoTherapy Systems, 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 and TomoTherapy Systems and the relatively small number of units installed each quarter, each installation of a CyberKnife or TomoTherapy System can represent a significant percentage of our revenue for a particular quarter. Therefore, if we do not install a CyberKnife or TomoTherapy 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 and TomoTherapy Systems and delaying any 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.

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

We offer longer or extended payment terms for qualified customers in some circumstances. As of June 30, 2017, customer contracts with extended payment terms of more than one year amounted to approximately 9% of our total 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 revenue, as we recognize revenue on such transactions on a cash basis.

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

We have facilities in countries around the world, including three manufacturing facilities, each of which is equipped to manufacture unique components of our products. The manufacturing facilities are located in Sunnyvale, California, Madison, Wisconsin and Chengdu, China. We do not maintain backup manufacturing facilities for all of our manufacturing facilities or for our IT facilities, so we depend on each of our current facilities 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. Chengdu, China, where one of our manufacturing facilities is located, has also experienced major earthquakes in the past. We do not carry earthquake insurance. Unexpected events at any of our facilities, including fires or explosions; natural disasters, such as hurricanes, floods, tornados and earthquakes; war or terrorist activities; unplanned outages; supply disruptions; and failures of equipment or systems, or the failure to take adequate steps to mitigate the likelihood or potential impact of such events, 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, result in large expenses to repair or replace the facilities, and adversely affect our results of operation.

We may attempt to acquire new businesses, products or technologies, or enter into strategic collaborations or 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. In addition, 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.

Multiple factors may adversely affect our ability to fully utilize certain tax loss carryforwards.

As of June 30, 2017, we had approximately $329.8 million and $154.5 million in federal and state net operating loss carry forwards, respectively, which expire in varying amounts beginning in 2019 for federal and 2018 for state purposes. In addition, as of June 30, 2017, we had federal and state research and development tax credit carryforwards of approximately $18.6 million and $18.7 million, respectively. The federal research credits will begin to expire in 2019, the California research credits have no expiration date, and the other state research credits will begin to expire in 2018. Utilization of our net operating loss and credit carry forwards is subject to annual limitation due to the application of the ownership change limitations provided by Section 382 of the Internal Revenue Code and similar state provisions to us. However, none of the federal and state net operating loss carryforwards are expected to expire as a result of the ownership change limitation.

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. For example, the announcement of Brexit caused severe volatility in global currency exchange rate fluctuations that resulted in the strengthening of the U.S. Dollar against foreign currencies in which we conduct business. We believe the strengthening of the U.S. Dollar has caused a potential delay in orders and we may continue to see our sales decline due to the strengthening of the U.S. Dollar. Also, if 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.

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

We prepare our financial statements to conform to United States Generally Accepted Accounting Principles. 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 in certain of our products, we are currently bound by the software revenue recognition rules for a portion of our business.

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

At June 30, 2017, we had $72.1 million in cash and cash equivalents and $23.9 million in investments. The available cash and cash equivalents are held in accounts managed by third-party financial institutions and consist of cash in our operating accounts and cash invested in money market funds. The investments are managed by third-party financial institutions and primarily consist of U.S. agency and corporate debt securities. To date, we have experienced no material realized losses on or lack of access to our invested cash, cash equivalents or investments; 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 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, cash equivalents and investments will be sufficient to meet our anticipated cash needs for at least the next twelve months, the timing and amount of our working capital and capital expenditure requirements may vary significantly depending on numerous factors, including the other risk factors described above and below.

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. Our debt levels may impair our ability to obtain additional financing in the future. The sale of additional equity securities or convertible debt securities would result in additional dilution to our stockholders. We cannot assure that additional financing, if required, will be available in amounts or on terms acceptable to us, if at all.

Risks Related to the Regulation of our Products and Business

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

The CyberKnife and TomoTherapy Systems are medical devices that are 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, adverse event reporting, sale, promotion, distribution and shipping. Before a new medical device, or a new intended use or indication 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, lengthy and unpredictable. The FDA's 510(k) clearance process generally 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 or a modification of a device will be approved or cleared by the FDA in a timely fashion, if at all. 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, and how those products can be promoted.

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 regulations. 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 and TomoTherapy Systems. 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 data generation requirements and uncertain premarket approval or clearance 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. The FDA has recently issued a draft guidance that, if finalized, will result in manufacturers needing to seek a significant number of new or additional clearances for changes made to legally marketed devices. 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 premarket approvals or 510(k) clearances for modifications in a timely fashion, if at all.

We have obtained 510(k) clearance for the CyberKnife Systems for the treatment of tumors anywhere in the body where radiation is indicated, and we have obtained 510(k) clearance for the TomoTherapy Systems to be used as integrated systems for the planning and delivery of IMRT for the treatment of cancer. We have made modifications to the CyberKnife and TomoTherapy Systems 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, based on new finalized guidance and requires us to obtain additional premarket approvals or 510(k) clearances for any modifications to the CyberKnife or TomoTherapy Systems 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.

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, manufacture or labeling. 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. Any recall could divert management's attention, cause us to incur significant expenses, generate negative publicity, harm our reputation with customers, negatively affect our future sales and business, require redesign of the CyberKnife or TomoTherapy Systems, 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 are subject to federal, state and foreign laws applicable to our business practices, the violation of which could result in substantial penalties and harm our business.

Laws and ethical rules governing interactions with healthcare providers. The Medicare and Medicaid "anti-kickback" laws, and similar state laws, prohibit soliciting, offering, paying or accepting any payments or other remuneration that is intended to induce any individual or entity to either refer patients to or purchase, lease or order, or arrange for or recommend the purchase, lease or order of, healthcare products or services for which payment may be made under federal and state healthcare programs, such as Medicare and Medicaid. Such laws impact our sales, marketing and other promotional activities by reducing the types of financial arrangements we may have with our customers, potential customers, marketing consultants and other service providers. They particularly impact how we structure our sales offerings, including discount practices, customer support, product loans, education and training programs, physician consulting, research grants and other service arrangements. Many of these laws are broadly drafted and are open to a variety of interpretations, making it difficult to determine with any certainty whether certain arrangements violate such laws, even if statutory safe harbors are available.

In addition to such anti-kickback laws, federal and state "false claims" laws generally prohibit the knowing filing or causing the filing of a false claim or the knowing use of false statements to obtain payment from government payors. Although we do not submit claims directly to payors, manufacturers can be held liable under these laws if they are deemed to "cause" the submission of false or fraudulent claims by providing inaccurate billing or coding information to customers, or through certain other activities, including promoting products for uses or indications that are not approved by the FDA.

We are also subject to federal and state physician self-referral laws. The federal Ethics in Patient Referrals 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. 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.

If our past or present operations are found to be in violation of any of these "anti-kickback," "false claims," "self-referral" or other similar laws in foreign jurisdictions, we may be subject to the applicable penalty associated with the violation, which may include significant civil and criminal penalties, damages, fines, imprisonment and exclusion from healthcare 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.

Anti-corruption laws. We are also subject to laws regarding the conduct of business overseas, such as the U.S. Foreign Corrupt Practices Act (FCPA), the U.K. Bribery Act of 2010, the Brazil Clean Companies Act, and other similar laws in foreign countries in which we operate. The FCPA prohibits the provision of illegal or improper inducements to foreign government officials in connection with the

obtaining of business overseas. Becoming familiar with and implementing the infrastructure necessary to ensure that we and our distributors comply with such laws, rules and regulations and mitigate and protect against corruption risks could be quite costly, and there can be no assurance that any policies and procedures we do implement will protect us against liability under the FCPA or related laws for actions taken by our employees, executive officers, distributors, agents and other intermediaries with respect to our business. Violations of the FCPA or other similar laws by us or any of our employees, executive officers, distributors, agents or other intermediaries could subject us or the individuals involved to criminal or civil liability, cause a loss of reputation in the market, and materially harm our business.

Laws protecting patient health information. 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 (HHS) has promulgated patient privacy rules under the HIPAA. These privacy rules protect medical records and other personal health information of patients by limiting their use and disclosure, giving patients 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. The HIPAA privacy standard was amended by the HITECH, enacted as part of the American Recovery and Reinvestment Act of 2009. Although we are not a "covered entity" under HIPAA, we are considered a "business associate" of certain covered entities and, as such, we are directly subject to HIPAA, including its enforcement scheme and inspection requirements, and are required to implement policies, procedures as well as reasonable and appropriate physical, technical and administrative security measures to protect individually identifiable health information we receive from covered entities. Our failure to protect health information received from customers in compliance with HIPAA or other laws could subject us to civil and criminal liability to the government and civil liability to the covered entity, could result in adverse publicity, and could harm our business and impair our ability to attract new customers.

Transparency laws. The Sunshine Act, which was enacted by Congress as part of the Patient Protection and Affordable Care Act on December 14, 2011, requires each applicable manufacturer, which includes medical device companies such as Accuray, to track and report to the federal government on an annual basis all payments and other transfers of value from such applicable manufacturer to U.S. licensed physicians and teaching hospitals as well as physician ownership of such applicable manufacturer's equity, in each case subject to certain statutory exceptions. Such data will be made available by the government on a publicly searchable website. Failure to comply with the data collection and reporting obligations imposed by the Sunshine Act can result in civil monetary penalties ranging from $1,000 to $10,000 for each payment or other transfer of value that is not reported (up to a maximum of $150,000 per reporting period) and from $10,000 to $100,000 for each knowing failure to report (up to a maximum of $1 million per reporting period). In addition, we are subject to similar state and foreign laws related to the tracking and reporting of payments and other transfers of value to healthcare professionals, the violation of which could, among other things, result in civil monetary penalties and adversely impact our reputation and business.

Conflict Minerals. The Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules promulgated by the SEC under such act require companies, including Accuray, to disclose the existence in their products of certain metals, including tantalum, tin, gold, tungsten and their derivatives, that originate from the Democratic Republic of the Congo and adjoining countries. Under these rules, we are required to obtain sourcing data from suppliers, perform supply chain due diligence, and file annually with the SEC a specialized disclosure report on Form SD covering the prior calendar year. These requirements could adversely affect the sourcing, availability, and pricing of minerals used in the manufacture of components used in our products. We may also encounter customers who require that all of the components of our products be certified as conflict free. If we are not able to meet this

requirement, such customers may choose not to purchase our products, which could adversely impact sales of our products, and impact our results of operation. In addition, we have incurred and expect to incur additional costs to comply with these disclosure requirements, including costs related to determining the source of any of the relevant minerals and metals used in our products.

If we or our distributors do not obtain and maintain the necessary regulatory approvals in a specific country, we will not be able to market and sell our products in that country.

To be able to market and sell our products in a specific country, we or our distributors must comply with applicable laws and regulations of that country. In jurisdictions where we rely on our distributors to manage the regulatory process, we are dependent on their ability to do so effectively. While the laws and regulations of some countries do not impose barriers to marketing and selling our products or only require notification, others require that we or our distributors obtain the approval of a specified regulatory body. These laws and regulations, including the requirements for approvals, and the time required for regulatory review vary from country to country. The governmental agencies regulating medical devices in some countries, for example, require that the user interface on medical device software be in the local language. We currently provide user guides and manuals, both paper copies and electronically, in the local language but only provide an English language version of the user interface. Obtaining regulatory approvals is expensive and time-consuming, and we cannot be certain that we or our distributors will receive regulatory approvals in each country in which we market or plan to market our products. If we modify our products, we or our distributors may need to apply for additional regulatory approvals before we are permitted to sell them. We may not continue to meet the quality and safety standards required to maintain the authorizations that we or our distributors have received. It can also be costly for us and our distributors to keep up with regulatory changes issued or mandated from time to time. If we change distributors, it may be time-consuming and disruptive to our business to transfer the required regulatory approvals, particularly if such approvals are maintained by our third-party distributors on our behalf. If we or our distributors are unable to maintain our authorizations, or fail to obtain appropriate authorizations in a particular country, we will no longer be able to sell our products in that country, and our ability to generate revenue will be materially adversely affected.

Within the European Union, we are required under the 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 or maintain 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, a pre-market approval necessary to sell, market and import a product, or Shonin, must be obtained from the Ministry of Health, Labor and Welfare (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 to laws and regulations regarding medical devices, we are subject to a variety of environmental laws and regulations regulating our operations, including those relating to the use, generation, handling, storage, transportation, treatment and disposal of hazardous materials, which laws impose compliance costs on our business and can also result in liability to us. For example, the recast Directive on Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (the RoHS Directive), which began applying to medical devices in July 2014, bans placing new electrical and electronic equipment on the EU market containing more than certain specified levels of lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyl or PBB and polybrominated diphenyl ether. We believe that the RoHS Directive does not impose any restrictions on our products because our products are exempt as large scale fixed installations. The Notified Body which audits our compliance efforts has indicated that they share our view in this respect and that we are and will remain in compliance with the RoHS Directive because the RoHS Directive's restrictions do not apply to our products. Nevertheless, there can be no guarantee that the EU will not challenge such determination and, accordingly, we intend to comply with the RoHS restrictions, whether or not they apply, and are in the process of updating the way our products are built with a view toward achieving such compliance gradually over time.

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

In March 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 were signed into law. The Affordable Care Act (ACA) provides for, among other things, a 2.3% excise tax on U.S. sales of medical devices, including our products, effective as of 2013. The excise tax was suspended for a two year period beginning January 1, 2016. This tax burden may have a material, negative impact on our business, results of operations and cash flow. In addition, these two pieces of legislation include a large number of other health related provisions, 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. The laws also include a decrease in the annual rate of inflation for Medicare payments to hospitals and the establishment of an independent payment advisory board to suggest methods of reducing the rate of growth in Medicare spending. There continue to be many programs and requirements for which the details have not yet been fully established or consequences not fully understood, and it is unclear what the full impact of the legislation will be.

In addition, since the adoption of the Affordable Care Act, other legislation designed to keep federal healthcare costs down has been proposed or passed. For example, under the sequestration required by the Budget Control Act of 2011, as amended by the American Taxpayer Relief Act of 2012, Medicare payments for all items and services under Parts A and B incurred on or after April 1, 2013 have been reduced by up to 2%. Future federal legislation may impose further limitations on the coverage or 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.

Since the enactment of the ACA, CMS continues its efforts to move away from fee-for-service payments for furnishing items and services in Medicare. In the past several rulemaking cycles, CMS has increased packaging policies and created larger payment bundles across the Medicare Hospital Outpatient Prospective Payment System (OPPS). One example is CMS' expansion of Comprehensive Ambulatory Payment Classifications (C-APCs), under which payment for adjunctive and secondary items, services and procedures are packaged into the most costly primary procedure at the claim level.

Beyond the OPPS, CMS' Innovation Center has launched a number of alternative payment model (APM) demonstrations that involve episode-based payment. Since 2011, for example, CMMI has created or is in the process of creating major federal initiatives to test episode-based payments, such as the Bundled Payments for Care Improvement (BPCI), Oncology Care Model (OCM), and Specialty Practitioners Payment Model Opportunities.

Furthermore, the Patient Access and Medicare Protection Act (PAMPA) of 2015 froze payment for some radiation therapy delivery and related services, and requires CMS to provide a report to Congress on the development of an APM for radiation therapy services provided in non-facility settings. While these types of payment packaging policies and episode-based payments may impact reimbursement for overall patient care, including items and services furnished to patients, they also create incentives for providers to carefully assess the value proposition of technology purchases and uses. The impacts of these payment and delivery system changes are in their infancy and their overall effects remain under review.

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, including any potential repeal or amendment of the ACA, 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 of ongoing uncertainty or public perception about these matters will have on the purchasing decisions of our customers. However, the implementation of new legislation and regulation may materially lower reimbursements for our products, materially reduce medical procedure volumes and significantly and adversely affect our business.

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 high-technology companies of our size 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.

In addition to the other risk factors described above and below, factors affecting the trading price of our common stock include:

- regulatory developments related to manufacturing, marketing or sale of the CyberKnife or TomoTherapy Systems;
- political or social uncertainties;
- changes in product pricing policies;
- variations in our operating results, as well as costs and expenditures;
- 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 earnings estimates by analysts or changes in accounting policies; and
- market conditions in our industry, the industries of our customers and the economy as a whole.

The sale of material amounts of common stock by our stockholders could encourage short sales by third parties and depress the price of our common stock.

The downward pressure on our stock price caused by the sale of a significant number of shares of our common stock, or the perception that such sales could occur, by any of our significant stockholders could cause our stock price to decline, thus allowing short sellers of our stock an opportunity to take advantage of any decrease in the value of our stock. The presence of short sellers in our common stock may further depress the price of our common stock.

Future issuances of shares of our common stock could dilute the ownership interests of our stockholders.

Any issuance of equity securities could dilute the interests of our stockholders and could substantially decrease the trading price of our common stock. We may issue equity securities in the future for a number of reasons, including to finance our operations and business strategy (including in connection with acquisitions, strategic collaborations or other transactions), to adjust our ratio of debt to equity, to satisfy our obligations upon the exercise of outstanding options or for other reasons.

In February 2013, we issued $115.0 million aggregate principal amount of our 3.50% Convertible Senior Notes due February 1, 2018 (the "3.50% Convertible Notes"). In April 2014, we issued approximately $70.3 million aggregate principal amount of our 3.50% Series A Convertible Senior Notes due February 1, 2018 (the "3.50% Series A Convertible Notes", and collectively with the 3.50% Convertible Notes, the Existing 3.50% Convertible Notes) and paid approximately $0.4 million in cash to refinance approximately $70.3 million aggregate principal amount of our 3.50% Convertible Notes. Following such transactions, approximately $44.7 million aggregate principal amount of the 3.50% Convertible Notes remained outstanding. To the extent we issue common stock upon conversion of any outstanding Convertible Notes, that conversion would dilute the ownership interests of our stockholders.

On August 7, 2017, we issued $85.0 million aggregate principal amount of our 3.75% Convertible Senior Notes due 2022 (the "3.75% Convertible Senior Notes," and collectively with the Existing 3.50% Convertible Notes, the "Convertible Notes") consisting of (i) $53.0 million aggregate principal amount of 3.75% Convertible Senior Notes to certain holders of the Company's outstanding Existing 3.50% Convertible Notes (the "Exchange Participants") in exchange for approximately $47.0 million aggregate principal amount of such holders' Existing 3.50% Convertible Notes and (ii) $32.0 million aggregate principal amount of 3.75% Convertible Senior Notes to certain other qualified new investors for cash. The net proceeds of the cash issuance were used to repurchase approximately $28.0 million of additional Existing 3.50% Convertible Notes from the Exchange Participants. Immediately following such transactions, approximately $40.0 million aggregate principal amount of the Existing 3.50% Convertible Notes remained outstanding.

Increased leverage as a result of the Convertible Notes offering and our Revolving Credit Facility may harm our financial condition and operating results.

On June 14, 2017, the Company entered into a credit and security agreement (the "Credit Agreement") by and among the Company, TomoTherapy Incorporated (together with the Company, the "Borrowers"), any additional borrower that may be added thereto, MidCap Financial Trust, individually as a lender and as agent, and the other lenders from time to time parties thereto. The Credit Agreement provides for a revolving credit facility in the initial amount of $52.0 million, which the Company may request be increased by up to $33.0 million to a new total of $85.0 million through additional tranches, each with a $1.0 million minimum (the "Revolving Credit Facility"). Availability for borrowings under the Revolving Credit Facility is subject to a borrowing base that is calculated as a function of the value of the Borrowers' eligible accounts receivable and eligible inventory. The Revolving Credit Facility's stated maturity date is June 14, 2021, but may mature earlier than the stated

maturity date if certain conditions set forth in the Credit Agreement are not met, including conditions related to the Convertible Notes. The Borrowers' obligations under the Credit Agreement are secured by first-priority liens on substantially all the assets of the Borrowers, subject to certain exceptions. Interest on the borrowings under the Revolving Credit Facility is payable monthly in arrears at an annual interest rate of reserve-adjusted, 90-day LIBOR (subject to a 1.00% floor) plus 4.50%.

The Credit Agreement also includes certain financial covenants, events of default, and other covenants that limit, among other things, the ability of the Company and its subsidiaries to (i) incur indebtedness, (ii) incur liens on their property, (iii) pay dividends or make other distributions, (iv) sell their assets, (v) make certain loans or investments, (vi) merge or consolidate, (vii) voluntarily repay or prepay certain indebtedness and (viii) enter into transactions with affiliates, in each case subject to certain exceptions.

Our level of indebtedness could have important consequences to stockholders and note holders, because:

- it could affect our ability to satisfy our obligations under the Convertible Notes;
- a substantial portion of our cash flows from operations will have to be dedicated to interest and principal payments and may not be available for operations, working capital, capital expenditures, expansion, acquisitions or general corporate or other purposes;
- it may impair our ability to obtain additional financing in the future;
- it may limit our flexibility in planning for, or reacting to, changes in our business and industry; and
- it may make us more vulnerable to downturns in our business, our industry or the economy in general.

As of June 30, 2017, we had total consolidated liabilities of approximately $359.9 million; including the short-term liability components of the 3.50% Convertible Senior Notes in the amount of $44.1 million and the 3.50% Series A Convertible Senior Notes of $68.9 million. In addition, as of June 30, 2017, there was a long-term liability component of the Revolving Credit Facility in the amount of $51.5 million. In August 2017, we issued $85.0 million aggregate principal amount of our 3.75% Convertible Senior Notes and reduced the aggregate principal amount of the Existing 3.50% Convertible Notes outstanding to approximately $40.0 million.

The conditional conversion features of the 3.50% Series A Convertible Notes and 3.75% Convertible Senior Notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion features of the 3.50% Series A Convertible Notes or 3.75% Convertible Senior Notes are triggered, holders of the 3.50% Series A Convertible Notes or 3.75% Convertible Senior Notes, as applicable, will be entitled to convert such notes at any time during specified periods at their option. If one or more holders elect to convert such notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying solely cash in lieu of any fractional share), including if we have irrevocably elected full physical settlement upon conversion, we would be required to make cash payments to satisfy all or a portion of our conversion obligation based on the applicable conversion rate, which could adversely affect our liquidity. In addition, even if holders do not elect to convert such notes, if we have irrevocably elected net share settlement upon conversion we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of such notes as a current rather than long-term liability, which could result in a material reduction of our net working capital.

The 3.50% Convertible Notes do not provide for such a conditional conversion feature.

Provisions in the indenture for the Convertible Notes, our certificate of incorporation and our bylaws 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.

A change of control will also trigger an event of default under the Revolving Credit Facility. If an event of default occurs, the agent for the lenders under the Revolving Credit Facility may, at its discretion, suspend or terminate any of the lenders' loan obligations thereunder and/or declare all or any portion of the loan then-outstanding under the Revolving Credit Facility, including all accrued but unpaid interest thereon, to be accelerated and immediately due and payable.

Furthermore, if a "fundamental change" (as such terms are defined in each the indentures of the Convertible Notes) occurs, holders of the Convertible Notes will have the right, at their option, to require us to repurchase all or a portion of their Convertible Notes. A "fundamental change" generally occurs when there is a change in control of Accuray (acquisition of 50% or more of our voting stock, liquidation or sale of Accuray not for stock) or trading of our stock is terminated. In the event of a "make-whole fundamental change" (as such term is defined in each of the indentures for the Convertible Notes), we may also be required to increase the conversion rate applicable to the Convertible Notes surrendered for conversion in connection with such make-whole fundamental change. A "make-whole fundamental change" is generally a sale of Accuray not for stock in another publicly traded company. In addition, each of the indentures for the Convertible Notes prohibits us from engaging in certain mergers or acquisitions unless, among other things, the surviving entity assumes our obligations under the Convertible Notes.

We have not paid dividends in the past and do not expect to pay dividends in the foreseeable 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 164,000 square feet of product development, manufacturing and administrative space in three buildings in Sunnyvale, California, as follows:

- A manufacturing building totaling approximately 50,000 square feet, which is leased to us until December 2018; and
- Two headquarters buildings that are approximately 74,000 square feet and 40,000 square feet, respectively, which are leased to us until December 2023. 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 197,000 square feet of product development, manufacturing, administrative and warehouse space in five buildings in Madison, Wisconsin, as follows:

- An office building totaling approximately 61,000 square feet, which is leased to us until June 2025;
- A manufacturing facility totaling approximately 56,000 square feet, which is leased to us until June 2025; and
- Warehouse space in three buildings totaling approximately 80,000 square feet, which are leased to us through various dates until July 2020.

Our wholly owned subsidiary, Accuray International Sarl, leases two office buildings totaling approximately 15,000 square feet of administrative space in Morges, Switzerland, which are leased to Accuray International until June 2018.

In addition, our wholly-owned subsidiary, Accuray Accelerator Technology Company Limited, leases approximately 26,000 square feet of space in a manufacturing facility in Chengdu, China until July 2019.

We, directly or through our subsidiaries, also maintain offices in: Pittsburgh, Pennsylvania; Durham, North Carolina; China; Hong Kong; Japan; Spain; India; Russia; Germany; Belgium; Brazil; and the United Arab Emirates.

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, may be required in the future to accommodate anticipated increases in manufacturing needs.

Item 3. LEGAL PROCEEDINGS

Refer to Note 7, *Commitments and Contingencies*, to the Consolidated Financial Statements for a description of certain legal proceedings currently pending against the Company. From time to time we are involved in legal proceedings arising in the ordinary course of our business.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

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 Select Market under the symbol "ARAY." The high and low sale prices for each quarterly period during our fiscal years ended June 30, 2017 and 2016 are as follows:

	High	Low
Year ended June 30, 2017		
First Quarter	$ 6.39	$ 4.75
Second Quarter	$ 6.26	$ 4.45
Third Quarter	$ 6.00	$ 4.55
Fourth Quarter	$ 5.20	$ 3.85
Year ended June 30, 2016		
First Quarter	$ 7.37	$ 4.87
Second Quarter	$ 7.54	$ 4.80
Third Quarter	$ 6.75	$ 4.83
Fourth Quarter	$ 6.33	$ 4.86

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 cash dividends to common stockholders in the foreseeable future.

As of August 15, 2017, there were 217 registered stockholders of record of our common stock. Because many of our shares of common stock are held by brokers or other institutions on behalf of stockholders, we are unable to estimate the total number of beneficial stockholders.

During the year ended June 30, 2017, there were no sales of unregistered equity securities by the Company.

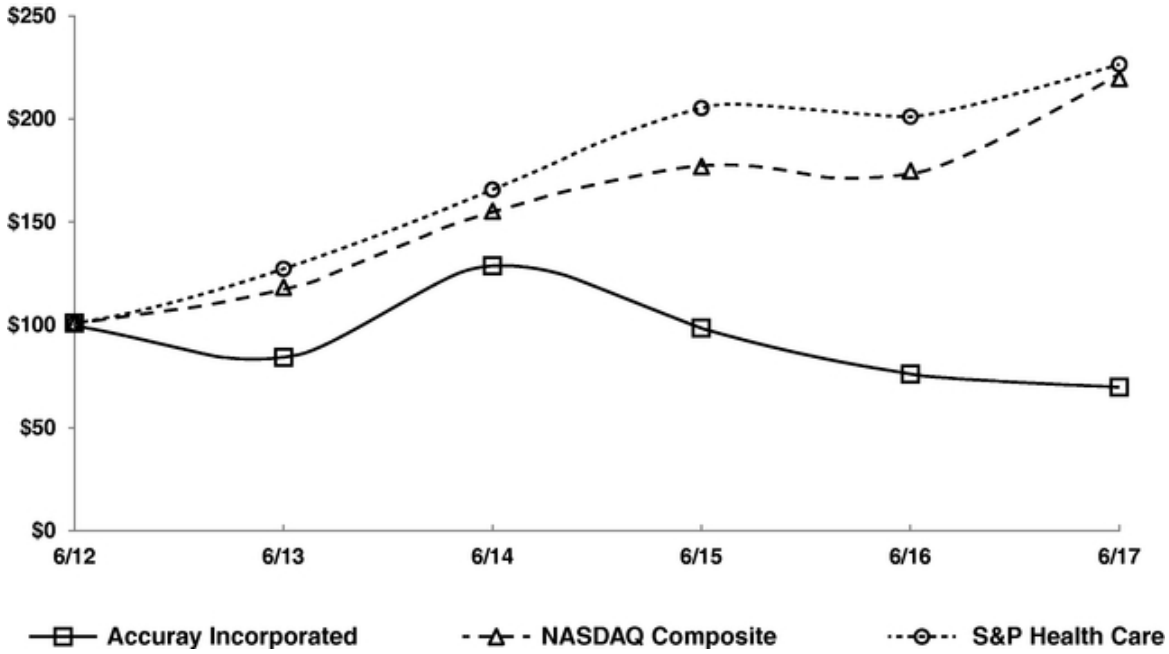
The Company does not have a stock repurchase program and has not made any share repurchase, excluding repurchases to satisfy minimum tax withholdings, during the year ended June 30, 2017.

Stock Performance Graph

The graph set forth below compares the cumulative total stockholder return on our common stock between June 30, 2012 and June 30, 2017, 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 June 30, 2012 in our common stock, the S&P Healthcare Index and the Nasdaq Composite Index, and assumes the reinvestment of dividends, if any.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

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



* $100 invested on June 30, 2012 in stock or index, including reinvestment of dividends.

The comparisons shown in the graph above are based upon historical data. We caution that the stock price performance shown in the graph above 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.

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, 2017, 2016 and 2015, and the consolidated balance sheet data at June 30, 2017 and 2016 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, 2014 and 2013 and the consolidated balance sheet data at June 30, 2015, 2014 and 2013 is derived from our audited consolidated financial statements not included in this Form 10-K.

	Years Ended June 30,				
	2017	2016	2015	2014	2013(1)
	(in thousands, except per share data)				
Consolidated Statements of Operations Data:					
Net revenue	$ 383,414	$ 398,800	$ 379,801	$ 369,419	$ 315,974
Cost of revenue	242,073	240,087	234,399	226,619	218,334
Gross profit	141,341	158,713	145,402	142,800	97,640
Operating expenses:					
Research and development	49,921	56,652	55,752	53,724	66,197
Selling and marketing	57,477	56,812	62,440	61,885	54,372
General and administrative	43,766	50,122	46,379	45,335	57,726
Total operating expenses	151,164	163,586	164,571	160,944	178,295
Loss from operations	(9,823)	(4,873)	(19,169)	(18,144)	(80,655)
Other expense, net	(18,718)	(18,295)	(18,621)	(14,216)	(13,133)
Loss before provision for income taxes	(28,541)	(23,168)	(37,790)	(32,360)	(93,788)
Provision for income taxes	1,038	2,336	2,419	3,088	3,573
Loss from continuing operations	(29,579)	(25,504)	(40,209)	(35,448)	(97,361)
Loss from operations of a discontinued variable interest entity	—	—	—	—	(3,505)
Impairment of indefinite lived intangible asset of discontinued variable interest entity	—	—	—	—	(12,200)
Loss from deconsolidation of a variable interest entity	—	—	—	—	(3,442)
Loss from discontinued operations, net of tax of $0	—	—	—	—	(19,147)
Loss from discontinued operations attributable to non-controlling interest	—	—	—	—	(13,289)
Loss from discontinued operations attributable to stockholders	—	—	—	—	(5,858)
Loss attributable to stockholders	$ (29,579)	$ (25,504)	$ (40,209)	$ (35,448)	$ (103,219)
Loss per share attributable to stockholders					
Basic—continuing operations	$ (0.36)	$ (0.32)	$ (0.51)	$ (0.47)	$ (1.33)
Diluted—continuing operations	$ (0.36)	$ (0.32)	$ (0.51)	$ (0.47)	$ (1.33)
Basic—discontinued operations	$ —	$ —	$ —	$ —	$ (0.08)
Diluted—discontinued operations	$ —	$ —	$ —	$ —	$ (0.08)
Basic—net loss	$ (0.36)	$ (0.32)	$ (0.51)	$ (0.47)	$ (1.41)
Diluted—net loss	$ (0.36)	$ (0.32)	$ (0.51)	$ (0.47)	$ (1.41)
Weighted average common shares used in computing loss per share					
Basic	82,495	80,509	78,277	75,804	73,281
Diluted	82,495	80,509	78,277	75,804	73,281

	As of June 30,				
	2017	2016	2015	2014	2013(1)
			(in thousands)		
Consolidated Balance Sheet Data:					
Cash and cash equivalents	$ 72,084	$ 119,771	$ 79,551	$ 92,346	$ 73,313
Investments	$ 23,909	$ 47,239	$ 64,306	$ 79,553	$ 101,084
Working capital	$ 24,511	$ 151,468	$ 184,414	$ 179,901	$ 180,076
Total assets	$ 406,464	$ 469,033	$ 466,773	$ 495,188	$ 475,929
Long-term debt	$ 51,548	$ 170,512	$ 199,655	$ 195,612	$ 198,768
Total stockholders' equity	$ 46,533	$ 59,660	$ 75,780	$ 98,548	$ 106,835

(1) On December 21, 2012, we entered into a Purchase Agreement and Release with Compact Particle Acceleration Corporation (CPAC), under which all the equity and debt investments held by us in CPAC were purchased by CPAC for a nominal consideration. As a result of the Purchase Agreement and Release, we concluded that we were no longer the primary beneficiary of CPAC, and therefore, deconsolidated CPAC as of December 21, 2012. The results of operations of CPAC, including the loss on deconsolidation of CPAC and the losses attributable to the non-controlling interest recorded for the years ended June 30, 2013 have been reported as discontinued operations.

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." See "Special Note Regarding Forward-Looking Statements."

Overview

Products and Markets

Company

We are a radiation oncology company that develops, manufactures, sells and supports precise, innovative treatment solutions which set the standard of care, with the aim of helping patients live longer, better lives. Our leading-edge technologies, the CyberKnife and TomoTherapy Systems, including Radixact, the next generation TomoTherapy System platform are designed to deliver advanced radiation therapy including radiosurgery, stereotactic body radiation therapy, intensity modulated radiation therapy, image-guided radiation therapy and adaptive radiation therapy tailored to the specific needs of each patient. The CyberKnife and TomoTherapy Systems are complementary offerings serving largely separate patient populations treated by the same medical specialty, radiation oncology, with advanced capabilities that offer increased treatment flexibility to meet the needs of an expanding patient population including patients requiring retreatment with radiation therapy.

The CyberKnife Systems

The CyberKnife Systems are robotic systems designed to deliver radiosurgery treatments to cancer tumors anywhere in the body. The CyberKnife Systems are the only dedicated, full-body robotic radiosurgery systems on the market. Radiosurgery is an alternative to traditional surgery for tumors and is performed on an outpatient basis in one to five treatment sessions. It enables the treatment of patients who typically might not otherwise be treated with radiation, who may not be good candidates for surgery, or who desire non-surgical treatments. The use of radiosurgery with CyberKnife Systems to treat tumors throughout the body has grown significantly in recent years, but currently only a small portion of the patients who develop tumors treatable with CyberKnife Systems are treated with these systems. A determination of when it may or may not be appropriate to use a CyberKnife System for treatment is at the discretion of the treating physician and depends on the specific patient. However, the CyberKnife Systems are generally not used to treat (1) very large tumors, which are considerably wider than the radiation beam that can be delivered by CyberKnife Systems, (2) diffuse wide-spread disease, as is often the case for late stage cancers, because they are not localized (though CyberKnife Systems might be used to treat a focal area of the disease) and (3) systemic diseases, like leukemia and lymphoma, which are not localized to an organ, but rather involve cells throughout the body.

Our CyberKnife M6 Series Systems have the option of: fixed collimator, Iris Variable Aperture Collimator and/or multi-leaf collimator, or InCise MLC. The InCise MLC is designed specifically for the M6 Series. With the addition of the InCise MLC, clinicians can deliver the same precise radiosurgery treatments they have come to expect with the CyberKnife System, faster and for a wider range of tumor types. The addition of the InCise MLC now makes it faster and more efficient to treat a wider range of tumor types with the CyberKnife M6 Series System, including larger tumors and those with multiple sites of disease.

We believe the long term success of the CyberKnife Systems is dependent on a number of factors including the following:

- Continued adoption of our CyberKnife M6 Series Systems;
- Production and shipment of InCise MLCs that meet the standards that we, and our customers, expect in our products;
- Change in medical practice leading to utilization of stereotactic body radiosurgery more regularly as an alternative to surgery or other treatments;
- Greater awareness among doctors and patients of the benefits of radiosurgery conducted with the CyberKnife Systems;
- Continued evolution in clinical studies demonstrating the safety, efficacy and other benefits of using the CyberKnife Systems to treat tumors in various parts of the body;
- Continued advances in our technology that improve the quality of treatments and ease of use of the CyberKnife Systems;
- Receipt of regulatory approvals in various countries which are expected to improve access to radiosurgery with the CyberKnife Systems in such countries;
- Medical insurance reimbursement policies that cover CyberKnife System treatments; and
- Our ability to expand sales of CyberKnife Systems in countries throughout the world where we do not currently sell CyberKnife Systems.

TomoTherapy Systems, including Radixact, the next generation TomoTherapy System

The TomoTherapy Systems are advanced, fully integrated and versatile radiation therapy systems for the treatment of a wide range of cancer types. The TomoTherapy Systems are specifically designed for image-guided intensity-modulated radiation therapy (IG-IMRT). The TomoTherapy Systems include the TomoTherapy H Series Systems with configurations of TomoH, TomoHD and TomoHDA. Based on a CT scanner platform, the systems provide continuous delivery of radiation from 360 degrees around the patient, or delivery from clinician-specified beam angles. These unique features, combined with daily 3D image guidance, enable physicians to deliver highly accurate, individualized dose distributions which precisely conform to the shape of the patient's tumor while minimizing dose to normal, healthy tissue, resulting in fewer side effects for the patient. The TomoTherapy Systems are capable of treating all standard radiation therapy indications including breast, prostate, lung and head and neck cancers, in addition to complex and novel treatments such as total marrow irradiation. Radiation therapy has been widely available and used in developed countries for decades, though many developing countries do not currently have a sufficient number of radiation therapy systems to adequately treat their domestic cancer patient populations. The number of radiation therapy systems in use and sold each year is currently many times larger than the number of radiosurgery systems. The new Radixact System is the next generation TomoTherapy platform and is currently approved for sale in the US, Europe, Japan and other territories. The Radixact System is a new, smart system with integrated Accuray Precision treatment planning software and the new iDMS Data Management System. The Radixact System leverages the TomoTherapy System's efficient daily low-dose fan beam MVCT image guidance and unique ring gantry architecture, delivering precise radiation treatments for more patients, faster, with simpler, more automated workflows. We believe the Radixact System and other TomoTherapy Systems offer clinicians and patients' significant benefits over other radiation therapy systems in the market. We

believe our ability to capture more sales will be influenced by a number of factors including the following:

- Continued adoption of our TomoTherapy Systems, including the adoption of the Radixact System in markets where it is available;
- Greater awareness among doctors and patients of the unique benefits of radiation therapy using TomoTherapy Systems because of their ring gantry architecture and ability to deliver treatment from 360 degrees around the patient;
- Advances in our technology which improves the quality of treatments and ease of use of TomoTherapy Systems;
- Greater awareness among doctors of the now-established reliability of TomoTherapy Systems; and
- Our ability to expand sales of TomoTherapy Systems in countries throughout the world; including
- Our ability to scale up commercial launch of the Radixact System in those markets where it is approved.

Sale of Our Products

Generating revenue from the sale of our systems is a lengthy process. Selling our systems, from first contact with a potential customer to a signed sales contract that meets our backlog criteria (as discussed below) varies significantly and generally spans between six months and two years. The length of time between receipt of a signed contract and revenue recognition is generally governed by the time required by the customer to build, renovate or prepare the treatment room for installation of the system.

In the United States, we primarily market directly to customers, including hospitals and stand-alone treatment facilities, through our sales organization and we also market to customers through sales agents and group purchasing organizations. Outside the United States, we market to customers directly and through distributors and sales agents. In addition to our offices in the United States, we have sales and service offices in Europe, Asia, and South America.

Backlog

For orders that cover both products and services, only the portion of the order that is recognizable as product revenue is reported as backlog. The portion of the order that is recognized as service revenue (for example, Post Contract Customer Support (PCS), installation, training and professional services) is not included in reported backlog. Product backlog totaled $452.8 million as of June 30, 2017 compared to $405.9 million as of June 30, 2016.

In order for the product portion of a system sales agreement to be counted as backlog, it must meet the following criteria:

- The contract is properly executed by both the customer and us. A customer purchase order that incorporates the terms of our contract quote will be considered equivalent to a signed and executed contract. The contract has either cleared all its contingencies or contained no contingencies when signed;
- We have received a minimum deposit or a letter of credit; or the sale is to a customer where a deposit is deemed not necessary or customary (i.e. sale to a government entity, a large hospital, group of hospitals or cancer care group that has sufficient credit, customers with trade-in of

existing equipment, sales via tender awards, or indirect channel sales that have signed contracts with end-customers);

- 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.

Although our backlog includes only contractual agreements with our customers for the purchase of CyberKnife Systems, TomoTherapy Systems, including the Radixact Systems and related upgrades, we cannot provide assurance that we will convert backlog into recognized revenue due primarily to factors outside of our control. The amount of backlog recognized into revenue is primarily impacted by three items: cancellations, age-outs and foreign currency fluctuations. Orders could be cancelled for reasons including, without limitation, changes in customers' needs or financial condition, changes in government or health insurance reimbursement policies, or changes to regulatory requirements. In addition to cancellations, after 2.5 years, if we have not been able to recognize revenue on a contract, we remove the revenue associated with the contract from backlog and the order is considered aged out. Contracts may age-out for many reasons, including but not limited to, inability of the customer to pay, inability of the customer to adapt their facilities to accommodate our products in a timely manner, or inability to timely obtain licenses necessary for customer facilities or operation of our equipment. Our backlog also includes amounts not denominated in U.S. Dollars and therefore fluctuations in the U.S. Dollar as compared to other currencies will impact backlog. Generally, strengthening of the U.S. Dollar will negatively impact revenue. Backlog is stated at historical foreign currency exchange rates, and revenue is released from backlog at current exchange rates, with any difference recorded as a backlog adjustment

A summary of gross orders, net orders, and order backlog is as follows (in thousands):

	Years ended June 30,		
	2017	2016	2015
Gross orders	$ 298,348	$ 283,853	$ 267,777
Net orders	226,559	224,253	188,997
Order backlog at the end of the period	452,846	405,900	375,028

Gross orders increased by $14.5 million for the year ended June 30, 2017, as compared to the year ended June 30, 2016. Gross orders increased by $16.1 million for the year ended June 30, 2016, as compared to the year ended June 30, 2015. These increases were due to increased order volume year over year. In fiscal 2017, TomoTherapy System order volume decreased 1% year over year and CyberKnife System order volume increased 5% year over year. In fiscal 2016, TomoTherapy System order volume increased 11% year over year and CyberKnife System order volume increased 13% year over year.

Net orders increased by $2.3 million for the year ended June 30, 2017, as compared to the year ended June 30, 2016, resulting from the increase in gross orders of $14.5 million offset by a decrease of $9.2 million because of unfavorable currency impacts and decrease in net age-outs of $2.9 million.

- The net age-outs of $57.6 million for the year ended June 30, 2017 include $4.7 million of age-ins which represent orders that previously aged-out but have been taken to revenue in the current period. Age-ins offset the gross amount of age-outs in a particular period. There were $12.1 million of age-ins included in net age-outs of $54.7 million for the year ended June 30, 2016.

- Cancellations were $13.8 million in the years ended June 30, 2017 and 2016, respectively. Cancellations are outside of our control and difficult to forecast; however, we continue to work closely with our customers to minimize the impact of cancellations on our business.

- Currency impacts resulted in a decrease in net orders of $0.4 million and an increase of $8.9 million in the year ended June 30, 2017 and 2016, respectively. In fiscal 2017, order backlog decreased slightly because of a strengthening U.S. Dollar. Conversely, when the U.S. Dollar weakens, like it did in fiscal 2016, having contracts based in several currencies such as Euro and Japanese Yen resulted in a positive impact on net orders.

Net orders increased by $35.3 million for the year ended June 30, 2016, as compared to the year ended June 30, 2015, resulting from the increase in gross orders of $16.1 million plus an increase of $25.2 million because of favorable currency impacts partially offset by an increase in cancellations of $2.3 million and an increase in net age-outs of $3.8 million.

- The net age-outs of $54.7 million for the year ended June 30, 2016 include $12.1 million of age-ins which represent orders that previously aged-out but have been taken to revenue in the current period. Age-ins offset the gross amount of age-outs in a particular period. There were $4.0 million of age-ins included in net age-outs of $50.9 million for the year ended June 30, 2015.

- Cancellations were $13.8 million and $11.6 million in the years ended June 30, 2016 and 2015, respectively. Cancellations are outside of our control and difficult to forecast; however, we continue to work closely with our customers to minimize the impact of cancellations on our business.

- Currency impacts resulted in an increase in net orders of $8.9 million and a decrease of $16.3 million in the year ended June 30, 2016 and 2015, respectively. In fiscal 2016, order backlog increased because of a strengthening of foreign currencies, mainly the Japanese Yen against the U.S. Dollar. Conversely, when the U.S. Dollar strengthens, such as it did in fiscal 2015, having contracts based in several currencies such as Euro and Japanese Yen resulted in a negative impact on net orders.

Currently, we expect age-outs in the first quarter of fiscal 2018 to improve sequentially as compared to the age-outs experienced in the fourth fiscal quarter of 2017.

Results of Operations

Fiscal 2017 results compared to 2016 (in thousands, except percentages)

	Years Ended June 30,				
	2017		2016		2017 - 2016
	Amount	%(a)	Amount	%(a)	% change
Products	$ 179,611	47%	$ 193,299	48%	(7)%
Services	203,803	53	205,501	52	(1)
Net revenue	$ 383,414	100%	$ 398,800	100%	(4)%
Gross profit	$ 141,341	37%	$ 158,713	40%	(11)%
Products gross profit	66,254	37	84,628	44	(22)
Services gross profit	75,087	37	74,085	36	1
Research and development expenses	49,921	13	56,652	14	(12)
Selling and marketing expenses	57,477	15	56,812	14	1
General and administrative expenses	43,766	11	50,122	13	(13)
Other expense, net	18,718	5	18,295	5	2
Provision for income taxes	1,038	1	2,336	1	(56)
Net loss	$ (29,579)	(8)%	$ (25,504)	(6)%	16%

(a) Expressed as a percentage of total net revenue, except for product and services gross profits which are expressed as a percentage of related product and services revenue.

Net revenue

Product net revenue decreased by $13.7 million for the year ended June 30, 2017 as compared to the year ended June 30, 2016 primarily due to a decrease of $12.4 million in revenue from system sales resulting from fewer number of CyberKnife Systems taken to revenue as compared to the prior year as well as a reduction in the average revenue per system. In addition, the decrease in revenue is attributable to a slower revenue conversion process mainly resulting from a higher percentage of order growth in our distributor channels which results in less control over the timing of revenue. There was also a decrease of $1.2 million in upgrade and other revenue as compared to the prior year. From time to time, we may amend sales agreements for system orders in backlog between Accuray and our distributors in order to shift responsibility of the installation of the system from us to the distributor. In such cases, the total purchase price of the system will be reduced accordingly as negotiated with the distributor on a case by case basis. This may result in us recognizing revenue for such systems earlier than previously anticipated. The total revenue recognized under such amendments was insignificant for fiscal year 2017.

Services net revenue decreased by $1.7 million for the year ended June 30, 2017 as compared to the year ended June 30, 2016. The decrease was driven by decreases in spare parts revenue of $2.0 million, installation revenue of $1.8 million and training revenue of $0.9 million. The decrease was partially offset by an increase in PCS revenue of $3.0 million due to an expanding installed base.

Net revenue by geographic region, based on the shipping location of our customer, is as follows (in thousands, except percentages):

	Years ended June 30,	
	2017	2016
Net revenue	$ 383,414	$ 398,800
Americas	40%	40%
Europe, Middle East, India and Africa	27%	35%
Asia Pacific (excluding Japan and India)	15%	16%
Japan	18%	9%

Gross profit

The overall gross profit margin for the year ended June 30, 2017 was 37% as compared to 40% for the year ended June 30, 2016, representing a decrease of 3% due primarily to increased product and headcount related costs as compared to the prior year. Product gross margin was 37% for the year ended June 30, 2017 as compared to 44% for the year ended June 30, 2016, representing a decrease of 7% primarily due to higher costs of manufacturing the systems as well as overhead costs. Service gross margin for the year ended June 30, 2017 was 37% as compared to 36% for the year ended June 30, 2016, representing a slight increase of 1% due mainly due to lower parts consumption on the installed base.

Research and development expenses

Research and development expenses were $49.9 million for the year ended June 30, 2017 as compared to $56.7 million for the year ended June 30, 2016, which represents a decrease of $6.8 million, or 12%. The decrease was primarily due to $4.4 million lower project related spending as a result of completion of the roadmap development projects and completion of Radixact testing as well as decreased employee compensation related expenses of $0.6 million due to lower headcount and delays in hiring as compared to the prior year. Additionally, there was a decrease of $1.7 million in technology and facilities related costs as compared to the prior year.

We anticipate that research and development expenses in fiscal 2018 will be higher than fiscal 2017 due to expected investment in development projects based on our current roadmap.

Selling and marketing expenses

Selling and marketing expenses for the year ended June 30, 2017 were $57.5 million as compared to $56.8 million for the year ended June 30, 2016, which represents an increase of $0.7 million, or 1%. The increase was partially due to higher consulting services of $0.7 million related to new sales and marketing projects and $0.2 million in higher technology and facilities related costs. The increases were offset by lower travel and tradeshow related expenses of $0.2 million each as compared to the prior year.

We anticipate selling and marketing expenses in fiscal 2018 will be slightly higher compared to fiscal 2017 due to higher expenses related to new product launches and incremental headcount.

General and administrative expenses

General and administrative expenses for the year ended June 30, 2017 were $43.8 million as compared to $50.1 million for the year ended June 30, 2016, which represents a decrease of $6.3 million, or 13%. This decrease was primarily attributable to $9.4 million of lower legal fees associated with litigation settlements in the prior fiscal year and $0.3 million of lower insurance expenses and bank fees. This decrease was partially offset by increased employee compensation

expenses of $0.9 million and higher technology and facilities related costs of $2.5 million as compared to the prior year.

We anticipate general and administrative expenses in fiscal 2018 to be relatively flat as compared with fiscal 2017.

Other expense, net

Other expense, net for the year ended June 30, 2017 was $18.7 million as compared to $18.3 million for the year ended June 30, 2016, which represents a decrease of $0.4 million. This decrease was primarily attributable to $0.7 million of lower foreign exchange losses during fiscal 2017 as compared to fiscal 2016 as well as lower interest related charges of $0.2 million. This was offset by higher other income of $1.2 million in fiscal 2016 from a new licensing agreement which did not recur in fiscal 2017.

Provision for income taxes

The provision for income taxes was lower in fiscal 2017 as compared to fiscal 2016 mainly due to lower foreign earnings and a benefit of approximately $1.4 million in the first quarter of fiscal 2017 as a result of the completion of tax audits by the Swiss authorities for the period from fiscal 2011 through fiscal 2015.

At June 30, 2017, we had federal and state net operating loss carryforwards of $329.8 million and $154.5 million, respectively. These federal and state net operating loss carryforwards are available to offset future taxable income, if any, in varying amounts and will begin to expire in 2019 for federal and 2018 for state purposes, respectively. Such net operating loss carryforwards include tax benefits from employee stock option exercises in excess of the share-based compensation expense that has been recognized for these awards. We will record approximately $0.9 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 $18.6 million and $18.7 million, respectively. If not utilized, the federal research credits will begin to expire in 2019, the California research credits have no expiration date and the other state research credits begin to expire in 2018. Realization of the deferred tax assets, among other factors, is dependent on our ability to generate sufficient taxable income prior to the expiration of the carryforwards. Because of 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, 2017, 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. The cumulative amount of such undistributed earnings upon which no U.S. income tax has been provided as of June 30, 2017 was $26.5 million. 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.

Fiscal 2016 results compared to 2015 (in thousands, except percentages)

	Years Ended June 30,				
	2016		2015		2016 - 2015
	Amount	%(a)	Amount	%(a)	% change
Products	$ 193,299	48%	$ 178,710	47%	8%
Services	205,501	52	201,091	53	2
Net revenue	$ 398,800	100%	$ 379,801	100%	5%
Gross profit	$ 158,713	40%	$ 145,402	38%	9%
Products gross profit	84,628	44	74,161	41	14
Services gross profit	74,085	36	71,241	35	4
Research and development expenses	56,652	14	55,752	15	2
Selling and marketing expenses	56,812	14	62,440	16	(9)
General and administrative expenses	50,122	13	46,379	12	8
Other expense, net	18,295	5	18,621	5	(2)
Provision for income taxes	2,336	1	2419	1	(3)
Net loss	$ (25,504)	(6)%	$ (40,209)	(11)%	(37)%

(a) Expressed as a percentage of total net revenue, except for product and services gross profits which are expressed as a percentage of related product and services revenue.

Net revenue

Product net revenue increased by $14.6 million for the year ended June 30, 2016 as compared to the year ended June 30, 2015. Product net revenue increased primarily due to a higher number of units sold and product mix, partially offset by $1.4 million of foreign currency impacts due to the strengthening of the U.S Dollar mainly relative to the Euro. The number of units sold in fiscal 2016 increased by 13% as compared to fiscal 2015 for both the CyberKnife Systems and TomoTherapy Systems, the increase in net revenue was mainly driven by the increase of CyberKnife Systems recognized into revenue as these systems generally have a higher average selling price. This increase was partially offset by product revenue upgrades and other, which decreased by $3.7 million in fiscal 2016. There were increases in upgrades related to CyberKnife Systems for the InCise MLC option; whereas, there was a decline in upgrade revenue related to TomoTherapy System due to the timing of customer upgrade cycles.

Services net revenue increased by $4.4 million for the year ended June 30, 2016 as compared to the year ended June 30, 2015. Additionally, the increase was attributable to an increase in training revenue because of the expiration and utilization of offered training; however, we do not expect training revenue from expired contracts to be at this volume going forward. There were also increases in installation revenue because of the increase in the units sold in fiscal 2016 as compared to prior year. This was partially offset by $3.4 million of foreign currency impacts due to the strengthening of the U.S. Dollar mainly relative to the Euro.

Net revenue by geographic region, based on the shipping location of our customer, is as follows (in thousands, except percentages):

	Years ended June 30,	
	2016	2015
Net revenue	$ 398,800	$ 379,801
Americas	40%	46%
Europe, Middle East, India and Africa	35%	29%
Asia Pacific (excluding Japan and India)	16%	15%
Japan	9%	10%

Gross profit

The overall gross profit margin for the year ended June 30, 2016 was 40% as compared to 38% for the year ended June 30, 2015, representing an increase of 2% due primarily to increased product sales volume and headcount related cost savings compared to the prior year. Product gross margin was 44% for the year ended June 30, 2016 as compared to 42% for the year ended June 30, 2015, representing an increase of 2% because of the increased sales volume as well as some favorability in the costs of sales due to overhead absorption in fiscal 2016 being lower than in the prior year. Service gross margin for the year ended June 30, 2016 was 36% as compared to 35% for the year ended June 30, 2015, representing a slight increase of 1% due mainly to continued revenue growth from the increase in installed base and increased training revenue recognized.

Research and development expenses

Research and development expenses were $56.7 million for the year ended June 30, 2016 as compared to $55.8 million for the year ended June 30, 2015, which represents an increase of $0.9 million, or 2%. The increase was primarily due to higher consulting fees associated with quality and validation testing for new products and an on-going development project that resulted in an increase of $3.9 million compared to prior year. The increase in consulting expenses was partially offset by decreased compensation expenses of $2.3 million driven by $1.2 million in lower headcount related to terminations that were completed in the fourth quarter of the prior fiscal year as well as a $1.1 million reduction in incentive-based and stock-based compensation expenses.

Selling and marketing expenses

Selling and marketing expenses for the year ended June 30, 2016 were $56.8 million as compared to $62.4 million for the year ended June 30, 2015, which represents a decrease of $5.6 million, or 9%. The decrease was partially attributable to a $4.4 million decrease in compensation and compensation-related expenses, which consisted mainly of lower commission expense of $3.0 million because of fewer sales in fiscal 2016 with high commission rates and a $1.5 million decrease in salaries and benefits expenses because of decreased headcount, and a $0.3 million decrease in share-based compensation expense mainly as a result of fewer grants of equity awards. These decreases were partially offset by an increase of $0.5 million in severance-related expenses in the fourth quarter of fiscal year 2016.

General and administrative expenses

General and administrative expenses for the year ended June 30, 2016 were $50.1 million as compared to $46.4 million for the year ended June 30, 2015, which represents an increase of $3.7 million, or 8%. This increase was primarily related to higher legal expenses of $3.0 million due to ongoing defense of and response to legal matters, primarily related to the Cowealth Medical matters which was described in Note 7 to the financial statements in our fiscal 2016 Form 10-K. In addition,

there was an increase of $0.4 million in severance-related expenses in the fourth quarter of fiscal year 2016.

Other expense, net

Other expense, net for the year ended June 30, 2016 was $18.3 million as compared to $18.6 million for the year ended June 30, 2015, which represents a decrease of $0.3 million. This decrease was primarily attributable to an increase in other income of $1.2 million because of a new licensing agreement in the third quarter of fiscal 2016. Foreign currency losses decreased by $0.5 million, from $2.5 million in fiscal 2015 to $2.0 million in fiscal 2016, primarily because of the strengthening of the U.S. Dollar against the Euro and the appreciation of the Japanese Yen against the U.S. Dollar. In addition, there was an increase in interest income of $0.3 million as compared to the prior year because of changes in the investment portfolio comprising of higher yield securities. The increases in the interest and other income and reduction in foreign exchange losses were partially offset by higher interest expenses of $0.9 million, primarily the result of higher accretion of debt discount and amortization of debt offering costs as compared to fiscal 2015 on our 3.75% Convertible Senior Notes due August 2016 (the "3.75% Convertible Notes"), the 3.50% Convertible Notes, the 3.50% Series A Convertible Notes and our secured term loan with Cerberus Business Finance, LLC. Additionally, $1.0 million of non-cash debt extinguishment loss was incurred in fiscal 2016 because of the extinguishment of $63.4 million of the 3.75% Convertible Notes.

Provision for income taxes

The provision for income taxes was lower in fiscal 2016 compared to fiscal 2015 mainly due to the activities in international locations—reduction of benefits related to uncertain tax positions and decreased foreign earnings.

At June 30, 2016, we had federal and state net operating loss carryforwards of $325.3 million and $145.6 million, respectively. These federal and state net operating loss carryforwards are available to offset future taxable income, if any, in varying amounts and will begin to expire in 2019 for federal and 2017 for state purposes, respectively. Such net operating loss carryforwards include tax benefits from employee stock option exercises in excess of the share-based compensation expense that has been recognized for these awards. We will record approximately $3.8 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 $17.9 million and $17.6 million, respectively. If not utilized, the federal research credits will begin to expire in 2019, the California research credits have no expiration date and the other state research credits begin to expire in 2017. Realization of the deferred tax assets, among other factors, is dependent on our ability to generate sufficient taxable income prior to the expiration of the carryforwards. Because of 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.

Share-based Compensation Expense

In fiscal 2017, 2016 and 2015, we recorded share-based compensation expense of $13.6 million, $12.6 million and $13.9 million, respectively, related to awards under our incentive stock plans. Share-based compensation expense was recorded net of estimated forfeitures. As of June 30, 2017, we had approximately $28.3 million of unrecognized compensation expense, net of estimated forfeitures, related to unvested stock options, Employee Stock Purchase Plan, or ESPP shares, restricted stock units, or RSUs, and market stock units, or MSUs, which we expect to recognize over a weighted average period from 0.6 to 3.4 years.

Liquidity and Capital Resources

At June 30, 2017, we had $72.1 million in cash and cash equivalents and $23.9 million in investments. Cash from operations could be affected by various risks and uncertainties, including, but not limited to the risks included in Part I, Item 1A titled "Risk Factors." Also refer to Note 12, "Debt" to the consolidated financial statements for discussion of the Revolving Credit Facility and our Convertible Notes outstanding as of June 30, 2017. Based on our current business plan and revenue prospects, we believe that we will have sufficient cash resources and anticipated cash flows to fund our operations for at least the next 12 months.

In addition, the undistributed earnings of our foreign subsidiaries at June 30, 2017, are considered to be indefinitely reinvested and unavailable for distribution in the form of dividends or otherwise. Accordingly, no provisions for U.S. income taxes have been provided thereon. We anticipate that we have adequate liquidity and capital resources and would not need to repatriate earnings. As of June 30, 2017, we had approximately $48.4 million of cash and cash equivalents at our foreign subsidiaries.

Cash Flows

	Years ended June 30,		
	2017	2016	2015
Net cash provided by (used in) operating activities	$ (380)	$ 30,925	$ (14,409)
Net cash provided by investing activities	17,823	8,262	3,689
Net cash provided by (used in) financing activities	(54,538)	(757)	5,895
Effect of exchange rate changes on cash, cash equivalents and restricted cash	197	(1,006)	(5,757)
Net increase (decrease) in cash, cash equivalents and restricted cash	$ (36,898)	$ 37,424	$ (10,582)

Operating Activities

Net cash used in operating activities was $0.4 million in fiscal 2017 and consisted of a net loss of $29.6 million, non-cash items of $41.7 million, and a net change in operating assets and liabilities of $12.5 million. Non-cash items consisted primarily of depreciation and amortization expense of $18.0 million, stock-based compensation expense of $13.6 million; non-cash interest expenses on debt of $7.8 million and write down of inventories of $2.3 million. The significant items in the change in operating assets and liabilities include cash used resulting from increases in accounts receivable of $15.7 million and other current and non-current assets of $4.4 million. These uses of cash were offset in part by an increase in accounts payable of $2.2 million and accrued liabilities of $8.3 million, which was offset by a decrease in deferred revenue of $8.7 million and customer advances of $5.2 million as well as a decrease in inventories of $7.7 million. The increase in accounts receivable is a function of the timing of payments from customers driven by longer payment terms offered.

Net cash provided by operating activities was $30.9 million in fiscal 2016 and consisted of a net loss of $25.5 million, non-cash items of $43.1 million, and a net change in operating assets and liabilities of $13.4 million. Non-cash items consisted primarily of depreciation and amortization expense of $18.3 million, stock-based compensation expense of $12.6 million and non-cash interest expenses on debt of $8.0 million. The significant items in the change in operating assets and liabilities include cash provided from decreases in accounts receivable of $17.0 million, and accounts payable, accrued liabilities, customer advances and deferred revenue of $5.4 million. These provisions of cash were offset in part by an increase in inventories of $10.5 million, and other current and non-current assets as well as deferred cost of revenue of $1.5 million. The decrease in accounts receivable is a function of the timing of cash collections from customers in fiscal 2016.

Net cash used in operating activities was $14.4 million in fiscal 2015 and consisted of a net loss of $40.2 million, non-cash items of $45.4 million, and a net change in operating assets and liabilities of $19.6 million. Non-cash items consisted primarily of depreciation and amortization expense of $19.5 million, stock-based compensation expense of $13.9 million and non-cash interest expenses on debt of $8.7 million. The significant items in the change in operating assets and liabilities include cash used resulting from increases in inventories of $21.1 million and accounts receivable of $7.2 million. These uses of cash were offset in part by a decrease in deferred revenue and associated costs of $17.4 million and decreases in accounts payable and accrued liabilities $10.4 million. The increase in inventories was due to purchases to support future sales and accounts receivable was the result of increased sales in fiscal 2015.

Cash Flows From Investing Activities

Net cash provided by investing activities was $17.8 million in fiscal 2017, which primarily consisted of sales and maturities of short-term investments of $38.2 million, offset by purchases of investments of $15.0 million, purchases of property and equipment of $5.0 million and purchase of intangible assets of $0.3 million.

Net cash provided by investing activities was $8.3 million in fiscal 2016, which primarily consisted of sales and maturities of short-term investments of $80.7 million, offset by purchases of property and equipment of $8.1 million and purchases of investments of $64.3 million.

Net cash provided by investing activities was $3.7 million in fiscal 2015, which primarily consisted of sales and maturities of short-term investments of $121.3 million, offset by purchases of property and equipment of $10.4 million and purchases of investments of $107.2 million.

Cash Flows From Financing Activities

Net cash used in financing activities during fiscal 2017 was $54.5 million, primarily attributable to $105.2 million in payments to convertible note holders and in connection with our term-loan with Cerberus Business Finance, LLC, and $1.4 million of taxes paid related to net share settlement of equity awards, offset by $48.3 million proceeds from new Revolving Credit Facility and $3.8 million from proceeds from employee stock plans.

Net cash used in financing activities during fiscal 2016 was $0.8 million, primarily attributable to $66.4 million of payments to convertible note holders and $2.8 million of taxes paid related to net share settlement of equity awards, partially offset by $64.6 million of proceeds from our term-loan with Cerberus Business Finance, LLC. and $3.8 million proceeds from employee stock plans.

Net cash provided by financing activities during fiscal 2015 was $5.9 million, attributable to $6.6 million from proceeds from employee stock plans, partially offset by $0.7 million of taxes paid related to net share settlement of equity awards.

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 our products 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 our products;

- Effects of competing technological and market developments; and
- Number and timing of acquisitions and other strategic transactions.

We believe that our current cash, cash equivalents and investments 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, cash equivalents and investments 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 is a schedule summarizing our obligations to make future payments under contractual obligations as of June 30, 2017 with the effects of convertible notes issued in August 2017. Refer to Note 18 in Notes to the Consolidated Financial Statements in Item 8, Part II, of this report on Form 10-K (in thousands):

		Payments due by period			
	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Notes and Revolver Credit Facility(1)	$ 177,000	$ 40,000	$ —	$ 52,000	$ 85,000
Interest on Notes and Revolver Credit Facility(2)	35,173	7,597	13,655	13,655	266
Operating leases	48,500	9,290	14,413	12,155	12,642
Total	$ 260,673	$ 56,887	$ 28,068	$ 77,810	$ 97,908

(1) Any conversion, redemption or purchase of our Notes would impact our cash payments noted in the preceding table. Please see Note 12, *Debt*, to the consolidated financial statements for further information. Amounts presented are for principal only.

(2) Interest on the Revolver Credit Facility is accrued at 7% per annum that may vary in subsequent periods based upon LIBOR.

Our purchase commitments and obligations include all open purchase orders and contractual obligations in the ordinary course of business, including commitments with contract manufacturers and suppliers, for which we have not received the goods or services and acquisition and licensing of intellectual property. A majority of these purchase obligations are due within a year. Although open purchase orders are considered enforceable and legally binding, the terms generally allow us the option to cancel, reschedule, and adjust our requirements based on our business needs prior to the delivery of goods or performance of services, and hence, have not been included in the table above.

Off Balance Sheet Arrangements

We do not have any off balance sheet arrangements for the years ended June 30, 2017, 2016, or 2015.

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 accounting principles generally accepted in the United States of America (U.S. 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. Actual results could therefore differ materially from those estimates if actual conditions differ from our assumptions.

All of our significant accounting policies and methods used in the preparation of our consolidated financial statements are described in Note 2, *Summary of Significant Accounting Policies*, to the 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. Management believes the critical accounting policies and estimates are those related to revenue recognition, business combinations and assessment of recoverability of goodwill and intangible assets, valuation of inventories, share-based compensation expense, convertible notes, income taxes, allowance for doubtful accounts and loss contingencies.

Revenue Recognition

We frequently enter into sales arrangements with customers that contain multiple elements or deliverables and we have to make a number of reasoned judgments with respect to elements of these sales arrangements, including how to allocate the proceeds received from an arrangement, whether there are multiple elements in the arrangement, whether any undelivered elements are essential to the functionality of the delivered elements and the appropriate timing of revenue recognition with respect to these arrangements. For sale arrangements that contain multiple elements, we allocate the arrangement consideration to each element based on the relative selling price method, whereby the relative selling price of each deliverable is determined using vendor specific objective evidence (VSOE), of fair value, if it exists. VSOE of fair value for each element is based on our standard rates charged for the product or service when such product or service is sold separately or based upon the price established by the Company's pricing committee when that product or service is not yet being sold separately. When we are not able to establish VSOE for all deliverables in an arrangement with multiple elements, which may be due to us infrequently selling each element separately, not pricing products within a narrow range, or only having a limited sales history, we attempt to determine the selling price of each element based on third-party evidence of selling price (TPE), as determined based on competitors' or third-party vendors' prices for similar deliverables when sold separately. TPE typically is difficult to establish due to the proprietary differences of competitive products and difficulty in obtaining reliable competitive standalone pricing information. When we are not able to establish selling price using VSOE or TPE, we use our best estimate of selling price (BESP), in the allocation of arrangement consideration. The objective of BESP is to determine the price at which we would transact a sale if the product or service were sold on a stand-alone basis. We determine BESP for a product or service by considering multiple factors including, but not limited to, pricing practices, internal costs, geographies and gross margin. The determination of BESP is made through annual analysis of our pricing practices and adjusted if necessary.

Revenue recognition also depends on all or a combination of the following: timing of shipment, completion of installation, customer acceptance and the readiness of customers' facilities. If shipments

are not made on scheduled timelines, installation schedules are delayed or if the products are not accepted by the customer in a timely manner, our reported revenues may differ materially from expectations.

Assessment of Recoverability of Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of tangible and identified intangible net assets of businesses acquired. Goodwill is not amortized, but is evaluated for impairment on an annual basis and when impairment indicators are present. We have one operating segment and one reporting unit. Therefore, our consolidated net assets, including existing goodwill and other intangible assets, are considered to be the carrying value of the reporting unit. We estimate the fair value of the reporting unit based on the closing price of our common stock on the trading day closest to the annual review date multiplied by the outstanding shares on that date. If the carrying value of the reporting unit is in excess of its fair value, an impairment may exist, and we 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. If the estimated fair value of the reporting unit exceeds the carrying value of the reporting unit, goodwill is not impaired and no further analysis is required.

We make judgments about the recoverability of purchased intangible assets with finite lives whenever events or changes in circumstances indicate that impairment may exist. Recoverability of purchased intangible assets with finite lives is measured by comparing the carrying amount of the asset to the future undiscounted cash flows the asset is expected to generate. Impairment, if any, is measured as the amount by which the carrying value exceeds the fair value of the impaired asset. We review indefinite-lived intangible assets for impairment annually or whenever events or changes in circumstances indicate the carrying value may not be recoverable. If the asset is considered to be impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset.

Assumptions and estimates about future values and remaining useful lives of our purchased intangible assets are complex and subjective. They can be affected by a variety of factors, including external factors such as industry and economic trends and internal factors such as changes in our business strategy and our internal forecasts.

Valuation of Inventories

The valuation of inventory requires us to estimate obsolete or excess inventory as well as damaged inventory. The determination of obsolete or excess inventory requires us to estimate the future demand for our products. We regularly review inventory quantities on hand and adjust for excess and obsolete inventory based primarily on historical usage rates and our estimates of product demand to support future sales and service. If our demand forecast for specific products is greater than actual demand and we fail to reduce purchasing and manufacturing output accordingly, we could be required to write off inventory beyond the current reserve, which would negatively impact our gross margin.

Share-Based Compensation Expense

We use the Black-Scholes option valuation model to estimate the fair value of stock options and ESPP shares. This valuation model requires the input of highly subjective assumptions, the most significant of which is our estimates of expected volatility and the expected term of the award. Our expected volatility is derived from the historical volatilities of our common stock. We estimate the expected term of stock option by taking the average of the vesting term and the contractual term of the option, as illustrated by the simplified method. We use the Monte-Carlo simulation model to estimate the fair value of Market Stock Units (MSUs). The assumptions used in calculating the fair value of share-based payment awards represent management's best estimates, but these estimates involve

inherent uncertainties and the application of management judgment. As a result, if factors change and we use different assumptions, our share-based compensation expense could be materially different in the future.

We recognize compensation cost for only those shares expected to vest over the requisite service period of the award. We estimate our forfeiture rate based on an analysis of our actual forfeitures and will continue to evaluate the appropriateness of the forfeiture rate based on recent forfeiture activity and expected future employee turnover. Changes in the estimated forfeiture rate can have a significant effect on reported share-based compensation expense, as the cumulative effect of adjusting the rate for all expense amortization is recognized in the period the forfeiture estimate is changed.

Convertible Notes

We account for convertible notes in accordance with ASC 470-20 *Debt with Conversion and Other Options*. ASC 470-20 clarifies the accounting for convertible debt instruments that may be settled in cash upon conversion, including partial cash settlement at our election. ASC 470-20 specifies that an issuer of such instruments should separately account for the liability and equity component of the conversion option. The amount recorded as debt is based on the fair value of the debt component as a standalone instrument, determined using an average interest rate for similar nonconvertible debt issued by entities with credit ratings comparable to ours at the time of issuance. The difference between the debt recorded at inception and its principal amount is accreted to principal during the estimated life of the note.

Income Taxes

We determine our current and deferred tax provisions based on estimates and assumptions that could differ from the actual results reflected in our income tax returns filed during the subsequent year. We record adjustments based on filed returns when we have identified and finalized them, which is generally in the fourth quarter of the subsequent year for U.S. federal and state provisions. We have placed a full valuation allowance on all net U.S. deferred tax assets because realization of these tax benefits through future taxable income cannot be reasonably assured. We intend to maintain the valuation allowance until sufficient positive evidence exists to support the reversal of the valuation allowance. Any decision to reverse part or all of the valuation allowance would be based on our estimate of future profitability. If our estimate were to be wrong, we could be required to charge potentially significant amounts to income tax expense to establish a new valuation allowance.

Our effective tax rate includes the impact of certain undistributed foreign earnings for which we have not provided U.S. taxes because we plan to reinvest such earnings indefinitely outside the United States. We plan foreign earnings remittance amounts based on projected cash flow needs as well as the working capital and long-term investment requirements of our foreign subsidiaries and our domestic operations. Material changes in our estimates of cash, working capital and long-term investment requirements in the various jurisdictions in which we do business could impact our effective tax rate. We are subject to income taxes in the United States and certain foreign countries, and we are subject to corporate income tax audits in some of these jurisdictions. We believe that our tax return positions are fully supported, but tax authorities are likely to challenge certain positions, which may not be fully sustained. However, our income tax expense includes amounts intended to satisfy income tax assessments that result from these challenges. Determining the income tax expense for these potential assessments and recording the related assets and liabilities requires management judgments and estimates. We evaluate our uncertain tax positions in accordance with the guidance for accounting for uncertainty in income taxes. We believe that our reserve for uncertain tax positions is adequate. We review our reserves quarterly, and we may adjust such reserves because of proposed assessments by tax authorities, changes in facts and circumstances, issuance of new regulations or new case law, previously unavailable information obtained during the course of an examination, negotiations between tax

authorities of different countries concerning our transfer prices, or the expiration of statutes of limitations.

Allowance for Doubtful Accounts

We evaluate the creditworthiness of our customers prior to authorizing shipment for all major sale transactions. On a quarterly basis, we evaluate aged items in the accounts receivable aging report and provide an allowance in an amount we deem adequate for doubtful accounts. If our evaluation of our customers' financial conditions does not reflect our future ability to collect outstanding receivables, additional provisions may be needed and our operating results could be negatively affected.

Loss Contingencies

As discussed in Note 7, *Commitments and Contingencies*, to the consolidated financial statements, we are involved in various lawsuits, claims and proceedings that arise in the ordinary course of business. We record a provision for a liability when we believe that it is both probable that a liability has been incurred and the amount can be reasonably estimated. We provide disclosure if it is reasonably possible that a loss has been incurred and a range of loss or possible loss can be reasonably estimated. Significant judgment is required to determine both probability and the estimated amount. We review these provisions at least quarterly and adjust these provisions to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and updated information. Litigation is inherently unpredictable and is subject to significant uncertainties, some of which are beyond our control. Should any of these estimates and assumptions change or prove to have been incorrect, we could incur significant charges related to legal matters which could have a material impact on our results of operations, financial position and cash flows.

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

A portion of our net sales are denominated in foreign currencies, most notably the Euro and the Japanese Yen. 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, we sell in both U.S. Dollars and local currencies, which could expose us to additional foreign currency risks, including changes in currency exchange rates. Our operating expenses in countries outside the United States, are payable in foreign currencies and therefore expose us to currency risk. To the extent that management can predict the timing of payments under sales contracts or for operating expenses that are denominated in foreign currencies, we may engage in hedging transactions to mitigate such risks in the future. We expect the changes in the fair value of the net foreign currency assets arising from fluctuations in foreign currency exchange rates to be materially offset by the changes in the fair value of the forward contracts. As of June 30, 2017, we had no open forward contracts and all open positions had been settled.

The purpose of these forward contracts is to minimize the risk associated with foreign exchange rate fluctuations. We have developed a foreign exchange policy to govern our forward contracts. These foreign currency forward contracts do not qualify as cash flow hedges and all changes in fair value are reported in earnings as part of other expenses, net. We have not entered into any other types of derivative financial instruments for trading or speculative purpose. Our foreign currency forward contract valuation inputs are based on quoted prices and quoted pricing intervals from public data and do not involve management judgment.

Interest Rate Risk

We maintain an investment portfolio of various holdings, types, and maturities. These securities are generally classified as available for sale and consequently, are recorded on the balance sheet at fair value with unrealized gains and losses reported as a separate component of accumulated other comprehensive income. At any time, a sharp rise or decline in interest rates could have an adverse impact on the fair value of our investment portfolio. Likewise, increases and decreases in interest rates could have a material impact on interest earnings for our portfolio. The following table presents the hypothetical change in fair values in the financial instruments we held at June 30, 2017, that are sensitive to changes in interest rates. The modeling technique used measures the change in fair values arising from selected potential changes in interest rates on our investment portfolio, which had a fair value of $23.9 million at June 30, 2017. Market changes reflect immediate hypothetical parallel shifts in the yield curve of plus or minus 100, 75, 50 and 25 basis points.

	Decrease in interest rates				Increase in interest rates			
Change in interest rate	–100 BPS	–75 BPS	–50 BPS	–25 BPS	25 BPS	50 BPS	75 BPS	100 BPS
Unrealized gain (loss)	$ 192	$ 144	$ 96	$ 48	$ (48)	$ (96)	$ (144)	$ (192)

Equity Price Risk

On April 24, 2014, we issued approximately $70.3 million aggregate principal amount of 3.50% Series A Convertible Notes. Upon conversion, we can settle the obligation by issuing our common stock, cash or a combination thereof at an initial conversion rate equal to 187.6877 shares of common stock per $1,000 principal amount of the 3.50% Series A Convertible Notes, which is equivalent to a conversion price of approximately $5.33 per share of common stock, subject to adjustment. There is no equity price risk if the share price of our common stock is below $5.33 upon conversion of the 3.50% Series A Convertible Notes. For every $1 that the share price of our common stock exceeds $5.33, we expect to issue an additional $13.2 million in cash or shares of our common stock, or a combination thereof, if all of the 3.50% Series A Convertible Notes are converted.

On August 7, 2017, we issued approximately $85.0 million aggregate principal amount of our 3.75% Convertible Senior Notes. Upon conversion, we can settle the obligation by issuing our common stock, cash or a combination thereof at an initial conversion rate equal to 174.8252 shares of common stock per $1,000 principal amount of the 3.75% Convertible Senior Notes, which is equivalent to a conversion price of approximately $5.72 per share of common stock, subject to adjustment. There is no equity price risk if the share price of our common stock is below $5.72 upon conversion of the 3.75% Convertible Senior Notes. For every $1 that the share price of our common stock exceeds $5.72, we expect to issue an additional $14.9 million in cash or shares of our common stock, or a combination thereof, if all of the 3.75% Convertible Senior Notes are converted.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

ACCURAY INCORPORATED

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders

Accuray Incorporated

We have audited the accompanying consolidated balance sheets of Accuray Incorporated (a Delaware Corporation) and subsidiaries (the "Company") as of June 30, 2017 and 2016, and the related consolidated statements of operations and comprehensive loss, stockholders' equity, and cash flows for each of the three years in the period ended June 30, 2017. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements 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 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, 2017 and 2016, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2017, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of June 30, 2017, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated August 25, 2017, expressed an unqualified opinion.

/s/ GRANT THORNTON LLP

San Jose, California

August 25, 2017

Accuray Incorporated

Consolidated Balance Sheets

(in thousands, except share and per share amounts)

	June 30, 2017	June 30, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 72,084	$ 119,771
Short-term investments	23,909	47,239
Restricted cash	12,829	891
Accounts receivable, net of allowance for doubtful accounts of $420 and $826 as of June 30, 2017 and June 30, 2016, respectively	72,789	56,810
Inventories	105,054	115,987
Prepaid expenses and other current assets	18,988	16,098
Deferred cost of revenue	3,350	4,884
Total current assets	309,003	361,680
Property and equipment, net	23,062	27,878
Goodwill	57,812	57,848
Intangible assets, net	964	7,611
Deferred cost of revenue	206	1,996
Restricted cash	322	1,471
Other assets	15,095	10,549
Total assets	$ 406,464	$ 469,033
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 17,486	$ 15,229
Accrued compensation	25,402	18,725
Other accrued liabilities	23,870	22,184
Short-term debt	113,023	39,900
Customer advances	16,926	22,123
Deferred revenue	87,785	92,051
Total current liabilities	284,492	210,212
Long-term liabilities:		
Long-term other liabilities	10,068	10,984
Deferred revenue	13,823	17,665
Long-term debt	51,548	170,512
Total liabilities	359,931	409,373
Commitments and contingencies (Note 7)		
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: 200,000,000 shares as of June 30, 2017 and June 30, 2016, respectively; issued and outstanding: 83,739,804 and 81,378,208 shares at June 30, 2017 and June 30, 2016, respectively	84	81
Additional paid-in-capital	496,887	481,346
Accumulated other comprehensive loss	(52)	(960)
Accumulated deficit	(450,386)	(420,807)
Total stockholders' equity	46,533	59,660
Total liabilities and stockholders' equity	$ 406,464	$ 469,033

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

Accuray Incorporated

Consolidated Statements of Operations and Comprehensive Loss

(in thousands, except per share amounts)

	Years Ended June 30,		
	2017	2016	2015
Net revenue:			
Products	$ 179,611	$ 193,299	$ 178,710
Services	203,803	205,501	201,091
Total net revenue	383,414	398,800	379,801
Cost of revenue:			
Cost of products	113,357	108,671	104,549
Cost of services	128,716	131,416	129,850
Total cost of revenue	242,073	240,087	234,399
Gross profit	141,341	158,713	145,402
Operating expenses:			
Research and development	49,921	56,652	55,752
Selling and marketing	57,477	56,812	62,440
General and administrative	43,766	50,122	46,379
Total operating expenses	151,164	163,586	164,571
Loss from operations	(9,823)	(4,873)	(19,169)
Other expense, net	(18,718)	(18,295)	(18,621)
Loss before provision for income taxes	(28,541)	(23,168)	(37,790)
Provision for income taxes	1,038	2,336	2,419
Net loss	$ (29,579)	$ (25,504)	$ (40,209)
Net loss per share—basic and diluted	$ (0.36)	$ (0.32)	$ (0.51)
Weighted average common shares used in computing net loss per share:			
Basic and diluted	82,495	80,509	78,277
Net loss	$ (29,579)	$ (25,504)	$ (40,209)
Foreign currency translation adjustment	33	(47)	(1,196)
Unrealized gain (loss) on investments, net of tax	(74)	62	(95)
Change in defined benefit pension obligation	949	(549)	(950)
Comprehensive loss	$ (28,671)	$ (26,038)	$ (42,450)

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

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				
Balance at June 30, 2014	77,178,365	$ 77	$ 451,750	$ 1,815	$ (355,094)	$ 98,548
Exercise of Stock options, net	529,331		2,563	—	—	2,563
Issuance of restricted stock	1,174,531	1	(1)	—	—	—
Issuance of common stock under employee stock purchase plan	719,279	1	4,032	—	—	4,033
Share-based compensation	—	—	13,746	—	—	13,746
Tax withholding upon vesting of restricted stock units	(123,668)	—	(660)	—	—	(660)
Net loss	—	—	—	—	(40,209)	(40,209)
Cumulative translation adjustment	—	—	—	(1,196)	—	(1,196)
Unrealized (loss) on investments, net of tax	—	—	—	(95)	—	(95)
Change in defined benefit pension obligation	—	—	—	(950)	—	(950)
Balance at June 30, 2015	79,477,838	$ 79	$ 471,430	$ (426)	$ (395,303)	$ 75,780
Exercise of Stock options, net	58,279	—	285	—	—	285
Issuance of restricted stock	1,570,577	2	(2)	—	—	—
Issuance of common stock under employee stock purchase plan	729,259	—	3,588	—	—	3,588
Share-based compensation	—	—	12,396	—	—	12,396
Unamortized Convertible Senior Note issuance costs reclassified to equity	—	—	(3,519)	—	—	(3,519)
Tax withholding upon vesting of restricted stock units	(457,745)	—	(2,832)	—	—	(2,832)
Net loss	—	—	—	—	(25,504)	(25,504)
Cumulative translation adjustment	—	—	—	(48)	—	(48)
Unrealized gain on investments, net of tax	—	—	—	63	—	63
Change in defined benefit pension obligation	—	—	—	(549)	—	(549)
Balance at June 30, 2016	81,378,208	$ 81	$ 481,346	$ (960)	$ (420,807)	$ 59,660
Exercise of Stock options, net	112,482	—	463	—	—	463
Issuance of restricted stock	1,709,957	2	(2)	—	—	—
Issuance of common stock under employee stock purchase plan	870,037	1	3,345	—	—	3,346
Share-based compensation	—	—	13,154	—	—	13,154
Tax withholding upon vesting of restricted stock units	(330,880)	—	(1,419)	—	—	(1,419)
Net loss	—	—	—	—	(29,579)	(29,579)
Cumulative translation adjustment	—	—	—	33	—	33
Unrealized (loss) on investments, net of tax	—	—	—	(74)	—	(74)
Change in defined benefit pension obligation	—	—	—	949	—	949
Balance at June 30, 2017	83,739,804	$ 84	$ 496,887	$ (52)	$ (450,386)	$ 46,533

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

Accuray Incorporated

Consolidated Statements of Cash Flows

(in thousands)

	Years Ended June 30,		
	2017	**2016**	**2015**
Cash flows from operating activities			
Net loss	$ (29,579)	$ (25,504)	$ (40,209)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	18,043	18,296	19,493
Share-based compensation	13,629	12,638	13,930
Amortization of debt issuance costs	3,785	1,728	1,503
Amortization and accretion of discount and premium on investments	67	801	1,018
Accretion of interest on debt	4,052	6,321	7,241
Provision for (recovery of) bad debt, net	119	127	(14)
Provision for write-down of inventories	2,253	2,444	1,507
Loss on disposal of property and equipment	8	153	62
Loss on extinguishment of debt	—	965	—
Provision (benefit) for deferred income taxes	(268)	(404)	664
Changes in assets and liabilities:			
Accounts receivable, short and long-term	(15,732)	16,994	(7,172)
Inventories	7,675	(10,502)	(21,094)
Prepaid expenses and other assets	(4,437)	16	1,083
Deferred cost of revenue	3,321	1,452	7,776
Accounts payable	2,189	2,404	(1,822)
Accrued liabilities	8,316	(1,944)	(8,614)
Customer advances	(5,158)	2,578	577
Deferred revenues	(8,663)	2,362	9,662
Net cash provided by (used in) operating activities	(380)	30,925	(14,409)
Cash flows from investing activities			
Purchases of property and equipment, net	(5,031)	(8,066)	(10,445)
Purchase of intangible assets	(333)	—	—
Purchases of investments	(14,992)	(64,356)	(107,162)
Sales and maturities of investments	38,179	80,684	121,296
Net cash provided by investing activities	17,823	8,262	3,689
Cash flows from financing activities			
Proceeds from employee stock plans	3,786	3,849	6,555
Taxes paid related to net share settlement of equity awards	(1,419)	(2,832)	(660)
Payments made to note and loan holders	(105,158)	(66,406)	—
Proceeds from debt, net of costs	48,253	64,632	—
Net cash provided by (used in) financing activities	(54,538)	(757)	5,895
Effect of exchange rate changes on cash, cash equivalents and restricted cash	197	(1,006)	(5,757)
Net increase (decrease) in cash, cash equivalents and restricted cash	(36,898)	37,424	(10,582)
Cash, cash equivalents and restricted cash at beginning of period	122,133	84,709	95,291
Cash, cash equivalents and restricted cash at end of period	$ 85,235	$ 122,133	$ 84,709
Supplemental Disclosure of Cash Flow Information			
Cash paid for income taxes	$ 4,458	$ 1,026	$ 3,184
Cash paid for interest	$ 9,927	$ 10,340	$ 7,207
Non-cash financing activity:			
Purchases of property and equipment recorded in accounts payable and accrued liabilities	$ 210	$ 218	$ 638
Purchase of intangible assets in accrued liabilities	$ 667	$ —	$ —
Transfers of equipment to inventory	$ 1,395	$ 1,660	$ —

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 (together with its subsidiaries, the "Company" or "Accuray") is incorporated in Delaware and has its principal place of business in Sunnyvale, California. The Company designs, develops and sells advanced radiosurgery and radiation therapy systems for the treatment of tumors throughout the body. The Company has offices in the United States, Switzerland, China, Hong Kong and Japan and conducts its business worldwide.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant inter-company transactions and balances have been eliminated in consolidation. Long-term accounts receivable that were previously reported in prepaid expenses and other assets in prior year's consolidated statements of cash flows have been reclassified to accounts receivable, short and long-term to conform to the current year's presentation. These reclassifications had no impact on previously reported net cash provided by (used in) operating activities in consolidated statements of cash flows for the years ended June 30, 2016 and 2015.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and related disclosures at the date of the financial statements. Key estimates and assumptions made by the Company relate to revenue recognition, assessment of recoverability of goodwill and intangible assets, valuation of inventories, share-based compensation expense, convertible notes, income taxes, allowance for doubtful accounts and loss contingencies. 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 average exchange rate. Resulting translation adjustments are excluded from the determination of net loss and are recorded in accumulated other comprehensive loss as a separate component of stockholders' equity. Net foreign currency exchange transaction gains or losses are included as a component of other expense, net, in the Company's consolidated statements of operations and comprehensive loss.

Fair Value Measurements

The carrying values of the Company's financial instruments including cash equivalents, restricted cash, accounts receivable and accounts payable are approximately equal to their respective fair values

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Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

due to the relatively short-term nature of these instruments. Also refer to Note 5, *Financial Instruments*, for further details.

Cash and Cash Equivalents

The Company considers currency on hand, demand deposits, time deposits, and all highly liquid investments with an original maturity of three months or less at the date of purchase to be cash and cash equivalents. Cash and cash equivalents are held in various financial institutions in the United States and internationally.

Investments

The Company classifies all its investments as available-for-sale at the time of purchase since it is management's intent that these investments be available for current operations, and as such, includes these investments as short-term investments on its balance sheets. These investments primarily consist of commercial paper, U.S. treasury securities, and U.S. government agency and corporate debt securities. Short-term investments classified as available-for-sale are recorded at fair market value with the related unrealized gains and losses included in accumulated other comprehensive income (loss), as a separate component of stockholders' equity. Realized gains and losses on the sale of securities are determined by specific identification of each security's cost basis. The Company regularly reviews its investment portfolio to determine if any security is other-than-temporarily impaired, which would require it to record an impairment charge in the period any such determination is made. In making this judgment, management evaluates, among other things, the duration and extent to which the fair value of a security is less than its cost, the financial condition of the issuer and any changes thereto, and management's intent to sell, or whether it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. Other expense, net, includes interest, dividends, amortization of purchase premiums and discounts, realized gains and losses on sales of securities and other-than-temporary declines in the fair value of securities, if any.

Concentration of Credit Risk and Other Risks and Uncertainties

The Company's cash and cash equivalents are mainly deposited with several 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. The Company has placed its investments with high-credit quality issuers. The Company does not invest an amount exceeding 5% of its combined cash, cash equivalents and investments in the securities of any one obligor or maker, except for obligations of the United States government, obligations of United States government agencies and money market accounts.

One customer represented more than 10% of total net revenue for the year ended June 30, 2016 and no customer represented 10% or more of total net revenue for the years ended June 30, 2017 and 2015. Two customers accounted for 30% of accounts receivable, net as at June 30, 2017 and one customer accounted for 18% of accounts receivable, net at June 30, 2016.

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

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Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

collection efforts are unsuccessful. Historically, such losses have been within management's expectations.

Single-source suppliers presently provide the Company with several components. In most cases, if a supplier was 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.

Restricted Cash

Restricted cash primarily consists of cash that is temporarily held in bank accounts which are under the control of the lender to the Revolving Credit Facility, certificates of deposit held as guarantees in connection with customer contracts and corporate leases as well as funds held as guarantees for Value-Added Tax (VAT) obligations in a foreign jurisdiction.

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 by management.

Revenue Recognition

The Company's revenue is primarily derived from sales of CyberKnife and TomoTherapy Systems and services, which include post-contract customer support or PCS, installation services, training and other professional services. The Company records its revenues net of any value added or sales tax. In all sales arrangements, the Company recognizes revenues when there is persuasive evidence of an arrangement, the fee is fixed or determinable, collection of the fee is reasonably assured and delivery has occurred. Payments received in advance of system shipment are recorded as customer advances and are recognized as revenue or deferred revenue upon product shipment or installation. The Company assesses the probability of collection based on a number of factors, including past transaction history with the customer and credit-worthiness of the customer. The Company generally does not request collateral from its customers. If the Company determines that collection is not reasonably assured, the Company will defer the fee and recognize revenue upon receipt of cash.

The Company frequently enters into sales arrangements that contain multiple elements or deliverables. For sale arrangements that contain multiple elements, the Company allocates the arrangement consideration to each element based on the relative selling price method, whereby the relative selling price of each deliverable is determined using vendor specific objective evidence (VSOE) of fair value, if it exists. VSOE of fair value for each element is based on 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 the Company's pricing committee when that product or service is not yet being sold separately. When the Company is not able to establish VSOE for all deliverables in an arrangement with multiple elements, which may be due to the Company infrequently selling each element separately, not pricing products within a narrow range, or only having a limited sales history, the Company attempts to estimate the selling price of each element based on third-party evidence of selling price (TPE), as determined based on competitors' or third-party vendors' prices for similar deliverables when sold separately. When the Company is not able to establish selling price using VSOE or TPE, the Company uses its best estimate of selling price (BESP), in its allocation of arrangement

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Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

consideration. The objective of BESP is to determine the price at which the Company would transact a sale if the product or service were sold on a stand-alone basis. The Company determines BESP for a product or service by considering multiple factors including, but not limited to, pricing practices, internal costs, geographies and gross margin. The determination of BESP is made through annual analysis of the Company's pricing practices and adjusted if necessary.

The Company has a limited number of software offerings which are not required to deliver its systems' essential functionality and can be sold separately. The Company accounts for the separate sale of its software products in accordance with the applicable guidance for software revenue recognition. The Company's multiple-element arrangements may also include software deliverables that are subject to the software revenue recognition guidance; and in these cases, the revenue for these multiple-element arrangements is allocated to the software deliverable and the non-software deliverables based on the relative selling prices of all of the deliverables in the arrangement using VSOE, TPE or BESP.

The Company regularly reviews VSOE, TPE and BESP for all of its products and services. As the Company's go-to-market strategies and other factors change, the Company may modify its pricing practices in the future, which may impact the selling prices of systems and services as well as VSOE, TPE and BESP of systems and services. As a result, the Company's future revenue recognition for multiple element arrangements could differ materially from that recorded in the current period.

Product Revenue

The majority of product revenue is generated from sales of CyberKnife and TomoTherapy systems. If the Company is responsible for installation, the Company recognizes revenue after installation and acceptance of the system. Otherwise, revenue is generally recognized upon delivery, assuming all other revenue recognition criteria are met.

The Company could sell its systems with PCS contracts, installation services, training, and at times, professional services. PCS contracts provide planned and corrective maintenance services, software updates, bug fixes, as well as call-center support.

The Company records revenues from sales of systems, product upgrades and accessories to distributors depending on the terms of the distribution agreement as well as terms and conditions executed for each sale, and once all revenue recognition criteria have been met.

The Company's agreements with customers and distributors for system sales generally do not contain product return rights. Certain distributor agreements include parts inventory buy-back provisions upon distributorship termination. The Company accrues an inventory buy-back liability when and if such distributorship termination is expected and the liability can be estimated.

Service Revenue

Service revenue is generated primarily from PCS (warranty period services and post warranty services), installation services, training, and professional services. Service revenue is recognized either ratably over the contractual period or when service is performed, depending on specific terms and conditions in agreements with customers.

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Costs associated with service revenue are expensed when incurred, except when those costs are related to system upgrades purchased within a service contract. In those cases, the costs of such upgrades are recognized at the time the upgrade revenue is recognized.

Deferred Revenue and Deferred Cost of Revenue

Deferred revenue consists of deferred product revenue and deferred service 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 service revenue results from the advance payment for services to be delivered over a period of time. Deferred cost of revenue consists of the direct costs associated with the manufacturing of units and direct service upgrade costs for which the revenue has been deferred in accordance with the Company's revenue recognition policies. 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 stated at cost and are depreciated 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 and computer software 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.

Software Capitalization Costs

Costs for the development of new software products and substantial enhancements to existing software products are expensed as incurred until technological feasibility has been established, at which time any additional costs would be capitalized. No costs associated with the development of software have been capitalized as the Company believes its current software development process is essentially completed concurrent with the establishment of technological feasibility.

Impairment of Long-Lived Assets

The Company reviews long-lived assets, including intangible assets, 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 using pretax undiscounted cash flows. Impairment, if any, is measured as the amount by which the carrying value of a long-lived asset exceeds its fair value.

Goodwill and Purchased Intangible Assets

Goodwill is not amortized, but is evaluated for impairment on an annual basis and when impairment indicators are present. The Company has assessed that it has one operating segment and

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Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

one reporting unit, and the consolidated net assets, including existing goodwill and other intangible assets, are considered to be the carrying value of the reporting unit. The Company estimates the fair value of the 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 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. If the estimated fair value of the reporting unit exceeds the carrying value of the reporting unit, goodwill is not impaired and no further analysis is required. There was no impairment of goodwill identified in the fiscal years ended June 30, 2017, 2016 and 2015.

Purchased intangible assets other than goodwill, including developed technology 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 range from approximately one to seven years.

Acquisition-related expenses and restructuring costs are recognized separately from the business combination and are expensed as incurred.

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 capitalized in inventory and expensed in cost of products.

Advertising Expenses

The Company expenses the costs of advertising and promoting its products and services as incurred. Advertising expenses were approximately $0.4 million, $0.3 million and $0.5 million for the years ended June 30, 2017, 2016 and 2015, 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 compensation, 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.

Share-Based Compensation

The Company issues stock-based compensation awards to employees and directors in the form of stock options, restricted stock units (RSUs), performance stock units (PSUs), market stock units (MSUs) and employee stock purchase plan (ESPP) awards (collectively, awards).

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

The Company measures and recognizes compensation expense for all stock-based awards based on the awards' fair value. Share-based compensation for RSUs and PSUs is measured based on the value of the Company's common stock on the grant date. The Company uses the Monte-Carlo simulation model to estimate the fair value of MSUs. Share-based compensation for employee stock options and ESPP awards are measured on the date of grant using a Black-Scholes option pricing model.

Awards vest either on a graded schedule or in a lump sum. The Company determines the fair value of each award as a single award and recognizes the expense on a straight-line basis over the service period of the award, which is generally the vesting period. The exercise price of stock options granted is equal to the fair market value of the Company's common stock on the date of grant. Stock options expire ten years from the date of grant.

Share-based compensation expense for stock options, RSUs, PSUs and the ESPP is based on awards ultimately expected to vest, and the expense is recorded net of estimated forfeitures. The Company recognizes expense for MSUs net of estimated forfeitures and does not adjust the expense for subsequent changes in the expected outcome of the market-based vesting conditions.

Loss Contingencies

The Company is involved in various lawsuits, claims and proceedings that arise in the ordinary course of business. The Company records a provision for a liability when it believes that it is both probable that a liability has been incurred and the amount can be reasonably estimated. Significant judgment is required to determine both probability and the estimated amount. The Company reviews these provisions quarterly and adjusts these provisions to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and updated information.

Net Loss Per Common Share

Basic and diluted net loss per share is computed by dividing net loss attributable to stockholders by the weighted average number of common shares outstanding during the year.

A reconciliation of the numerator and denominator used in the calculation of basic and diluted net loss per share attributable to stockholders follows (in thousands):

	Years ended June 30,		
	2017	2016	2015
Numerator:			
Net loss used to compute basic and diluted loss per share	$ (29,579)	$ (25,504)	$ (40,209)
Denominator:			
Weighted average shares used to compute basic and diluted loss per share	82,495	80,509	78,277

The potentially dilutive shares of the Company's common stock resulting from the assumed exercise of outstanding stock options, the vesting of Restricted Stock Units (RSU), Market Stock Units (MSU) and Performance Stock Units (PSU), and the purchase of shares under the Employee Stock Purchase Program (ESPP), as determined under the treasury stock method, are excluded from the computation of diluted net loss per share because their effect would have been anti-dilutive.

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Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Additionally, the 3.75% Convertible Senior Notes due August 2016 (the "3.75% Convertible Notes"), the 3.50% Convertible Senior Notes due February 1, 2018 (the "3.50% Convertible Notes"), the 3.50% Series A Convertible Notes (the "3.50% Series A Convertible Notes") due February 1, 2018 (together, the "Existing Convertible Notes") are included in the calculation of diluted net income per share only if their inclusion is dilutive.

The following table sets forth all potentially dilutive securities excluded from the computation in the table above because their effect would have been anti-dilutive (in thousands):

	As of June 30,		
	2017	2016	2015
Stock options	2,463	2,377	2,537
RSUs, PSUs and MSUs	5,227	5,467	4,483
3.50% Convertible Notes	8,378	8,378	8,378
3.50% Series A Convertible Notes	—	—	2,896
	16,068	16,222	18,294

Outstanding Convertibles Notes—Diluted Share Impact

The 3.75% Convertible Notes and 3.50% Series A Convertible Notes have an optional physical (share), cash or combination settlement feature and contain certain conditional conversion features. Due to the optional cash settlement feature and management's intent to settle the principal amount thereof in cash, the conversion shares underlying the outstanding principal amount of the 3.75% Convertible Notes and 3.50% Series A Convertible Notes, totaling approximately 3.9 million shares and 13.2 million shares, respectively, were not included in the potentially diluted share count table above. The Company's average stock price did not exceed the conversion price of the 3.75% Convertible Notes as of June 30, 2016 and 2015. The number of premium shares included in the Company's diluted share count will vary with fluctuations in the Company's share price. Higher actual share prices result in a greater number of premium shares.

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 other deferred tax assets.

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 and certain foreign net deferred tax assets.

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

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. The Company anticipates that except for $0.1 million in uncertain tax positions that may be reduced related to the lapse of various statutes of limitation, there will be no material changes in uncertain tax positions in the next 12 months.

Accumulated Other Comprehensive Loss

The components of comprehensive loss consist of net loss, unrealized gains and losses on available-for-sale investments, changes in foreign currency exchange rate translation and net changes related to a defined benefit pension plan. The unrealized gains and losses on available-for-sale investments, changes in foreign currency exchange rate translation and net changes related to the defined benefit pension plan are excluded from earnings and reported as a component of stockholders' equity. The foreign currency translation adjustment results from those subsidiaries not using the United States dollar as their functional currency since the majority of their economic activities are primarily denominated in their applicable local currency. Accordingly, all assets and liabilities related to these operations are translated at the current exchange rates at the end of each period. The resulting cumulative translation adjustments are recorded directly to the accumulated other comprehensive loss account in stockholders' equity. Revenues and expenses are translated at average exchange rates in effect during the period.

Recent Accounting Standards Update Not Yet Effective

In May 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2017-09, *Compensation—Stock Compensation (Topic 718)—Scope of Modification Accounting.* This guidance redefines which changes to the terms and conditions of a share-based payment award require an entity to apply modification accounting for a share-based payment. This guidance will be effective for the Company in the first quarter if its fiscal year 2019 and early adoption is permitted in any interim reporting period. The Company has not yet determined whether it will elect early adoption and has determined that the adoption of this standard will not have a significant impact on its consolidated financial statements.

In March 2017, the FASB issued ASU No. 2017-07, *Compensation—Retirement Benefits (Topic 715)—Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.* This guidance revises the presentation of employer-sponsored defined benefit pension and other postretirement plans for the net periodic benefit cost in the statement of operations and requires that the service cost component of net periodic benefit be presented in the same income statement line items as other employee compensation costs for services rendered during the period. The other components of the net benefit costs are required to be presented in the statement of operations separately from the service cost component and outside the subtotal of income from operations. This guidance allows only the service cost component of net periodic benefit costs to be eligible for capitalization. The guidance will be effective for the Company in the first quarter of its fiscal year 2019 and early adoption is permitted as of the beginning of an annual reporting period. The Company has not yet determined whether it will elect early adoption and is currently evaluating the impact of the adoption of this standard on its consolidated financial statements and related disclosures.

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles—Goodwill and Other Topics (Topic 350)—Simplifying the Test for Goodwill Impairment.* This guidance eliminates the requirement to calculate the implied fair value of goodwill of a reporting unit by determining the fair value of its assets and liabilities (including unrecognized assets and liabilities) to measure a goodwill impairment charge. Instead, an entity will record an impairment charge based on the excess of the reporting unit's carrying amount over its fair value. The ASU will be effective for the Company in the first quarter of its fiscal year 2021 on a prospective basis and earlier adoption is permitted for goodwill impairment tests performed on testing dates after January 1, 2017. The Company has not yet determined whether it will elect early adoption and is currently evaluating the impact of the adoption of this standard on its consolidated financial statements and related disclosures.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, which clarifies the presentation and classification of certain cash receipts and cash payments in the statement of cash flows. This ASU will be effective for the Company in the first quarter of its fiscal year 2019 and early adoption is permitted. The Company has not yet determined whether it will elect early adoption and is currently evaluating the impact of the adoption of this standard on its consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU No. 2016-13 (ASU 2016-13) *Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 requires measurement and recognition of expected credit losses for financial assets held. This guidance will become effective for the Company beginning in the third quarter of fiscal year 2020 and must be adopted using a modified retrospective approach, with certain exceptions. Early adoption is permitted beginning in the third quarter of fiscal year 2019. The Company has not yet determined whether it will elect early adoption and is evaluating the impact of the adoption of this standard on its consolidated financial statements and related disclosures.

In March 2016, the FASB issued ASU No. 2016-09, *Improvements to Employee Share-Based Payment Accounting (Topic 718)* (ASU 2016-09). The new guidance simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The amendments in this standard are effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted. Effective July 1, 2017, the Company has elected to continue the use of its forfeiture estimation method for share-based payment awards. The Company's adoption of this guidance will not have a significant impact on its consolidated financial statements and related disclosures.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* (ASU 2016-02). Under the new guidance, a lessee will be required to recognize assets and liabilities for all leases with lease terms of more than 12 months. Consistent with current U.S. GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. ASU 2016-02 requires additional disclosures. The standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. ASU 2016-02 requires adoption based upon a modified retrospective transition approach. Early adoption is permitted. The Company is currently evaluating the impact of the pending adoption of ASU 2016-02 on its consolidated financial statements and related disclosures.

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

In January 2016, the FASB issued ASU No. 2016-01 (ASU 2016-01) *Recognition and Measurement of Financial Assets and Financial Liabilities*. ASU 2016-01 changes accounting for equity investments, financial liabilities under the fair value option and the presentation and disclosure requirements for financial instruments. In addition, it clarified guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The guidance will become effective for the Company beginning in the third quarter of fiscal year 2018 and must be adopted using a modified retrospective approach, with certain exceptions. Early adoption is permitted for certain provisions. The Company is evaluating the impact of the adoption of this standard on its consolidated financial statements and related disclosures.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers: Topic 606 (ASU 2014-09), to supersede nearly all existing revenue recognition guidance under GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than required under existing GAAP including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. ASU 2014-09 is required to be adopted, using either of two methods: (i) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within ASU 2014-09; or (ii) modified retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures. In August 2015, the FASB approved a one year deferral of the effective period of ASU 2014-09. The standard will be effective for the Company in the first quarter of its fiscal year 2019, but early adoption is permitted starting in the first quarter of fiscal year 2018. The FASB issued supplemental adoption guidance and clarification to ASU 2014-09 in 2016 and 2017. The Company intends to adopt the new standard in the first quarter of fiscal year 2019 using the modified retrospective method. Based upon the Company's preliminary assessment, certain portions of its product revenue will be accelerated to reflect consideration upon delivery and an element of installation will be deferred until performed. Revenue policies for indirect sales and service revenues are expected to be unchanged under the new guidance. The Company also expects to capitalize incremental contract acquisition costs, such as sales commissions, and amortize over the economic life of its product or contractual relationship with the customer. The Company's current practice is to defer sales commissions until revenue is recognized. The Company currently does not expect the application of this guidance to have a significant impact on its consolidated financial statements; however, the Company's assessment may change as it continues its evaluation and analysis of this ASU.

Accounting Standards Update Recently Adopted

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which provides amendments to current guidance to address the classification and presentation of changes in restricted cash in the statement of cash flows. The Company early adopted this ASU in its fiscal year 2017 third quarter and retrospectively applied the change to the statement of cash flows for the fiscal years ended June 30, 2016 and 2015. The Company disclosed its restricted cash

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Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

on its consolidated balance sheets for the years presented. The adoption of this standard did not have a significant impact on the Company's consolidated financial statements and related disclosures.

3. Balance Sheet Components

Cash and Cash Equivalents

The following is a summary of cash and cash equivalents (in thousands):

	June 30, 2017	June 30, 2016
Cash	$ 70,515	$ 95,906
Money market funds	1,569	13,362
Commercial paper	—	8,938
Municipal government securities	—	1,565
Total cash and cash equivalents	$ 72,084	$ 119,771

Accounts receivable, net

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

	June 30, 2017	June 30, 2016
Accounts receivable	$ 70,394	$ 54,974
Unbilled fees and services	2,815	2,662
	73,209	57,636
Less: Allowance for doubtful accounts	(420)	(826)
Accounts receivable, net	$ 72,789	$ 56,810

The Company received payment or had credits of $0.1 million, added $0.2 million and wrote off $0.5 million from the allowance for doubtful accounts in fiscal 2017. The Company received payment or had credits of $0.2 million, added $0.3 million and wrote off $0.01 million from the allowance for doubtful accounts in fiscal 2016.

Financing receivables

A financing receivable is a contractual right to receive money, on demand or on fixed or determinable dates, that is recognized as an asset in the Company's balance sheet. The Company's financing receivables, consisting of its accounts receivable with contractual maturities of more than one year and sales-type leases, totaled $7.4 million and $7.6 million at June 30, 2017 and 2016, respectively, and are included in Other Assets in the consolidated balance sheets. Of the $7.4 million in financing receivables at June 30, 2017, $2.8 million related to sales-type leases with customers while the remaining $4.6 million related to contractual maturities of more than one year. Of the $7.6 million in financing receivables at June 30, 2016, $3.5 million related to sales-type leases with customers while the remaining $4.1 million related to contractual maturities of more than one year. Due to the homogenous nature of the leasing transactions, the Company manages them on an aggregate basis when assessing

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Notes to Consolidated Financial Statements (Continued)

3. Balance Sheet Components (Continued)

and monitoring credit risk. The Company evaluates the credit quality of an obligor at lease inception and monitors credit quality over the term of the underlying transactions. The Company performs a credit analysis for all new customers and reviews payment history, current order backlog, financial performance of the customers and other variables that augment or mitigate the inherent credit risk of a particular transaction. Such variables include the underlying value and liquidity of the collateral, the essential use of the equipment, the term of the lease and the inclusion of credit enhancements, such as guarantees, letters of credit or security deposits. Accounts rated as low risk typically have the equivalent of a Moody's rating of Baa3 or higher, while accounts rated as moderate risk generally have the equivalent of a Ba1 or lower. The Company classifies accounts as high risk when it considers the financing receivable to be impaired or when management believes there is a significant near-term risk of non-payment. As of June 30, 2017, the sales-type lease portion of the financing receivables was rated at a moderate risk. The Company performed an assessment of the allowance for credit losses related to its financing receivables as of June 30, 2017. Based upon such assessment, the Company recorded an allowance for credit losses related to such financing receivables as of June 30, 2017 and did not record any allowance for credit losses as of June 30, 2016.

A summary of the Company's financing receivables is presented as follows (in thousands):

June 30, 2017	Lease Receivables	Financed Service Contracts and Other	Total
Gross	$ 4,030	$ 6,268	$ 10,298
Residual value	—	—	—
Unearned income	(433)	—	(433)
Allowance for credit loss	(39)	—	(39)
Total, net	$ 3,558	$ 6,268	$ 9,826
Reported as:			
Current	$ 720	$ 1,677	$ 2,397
Non-current	2,838	4,591	7,429
Total, net	$ 3,558	$ 6,268	$ 9,826

June 30, 2016	Lease Receivables	Financed Service Contracts and Other	Total
Gross	$ 4,998	$ 5,840	$ 10,838
Residual value	—	—	—
Unearned income	(623)	—	(623)
Allowance for credit loss	—	—	—
Total, net	$ 4,375	$ 5,840	$ 10,215
Reported as:			
Current	$ 840	$ 1,778	$ 2,618
Non-current	3,535	4,062	7,597
Total, net	$ 4,375	$ 5,840	$ 10,215

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

3. Balance Sheet Components (Continued)

Actual cash collections may differ from the contracted maturities due to early customer buyouts, refinancing, or defaults. Future minimum lease payments to be received as of June 30, 2017 are presented as follows (in thousands):

Year Ending June 30,	Amount
2018	$ 930
2019	930
2020	930
2021	930
2022	310
Total	$ 4,030

Inventories

Inventories consisted of the following (in thousands):

	June 30, 2017	June 30, 2016
Raw materials	$ 38,803	$ 49,618
Work-in-process	15,471	20,175
Finished goods	50,780	46,194
Inventories	$ 105,054	$ 115,987

The Company reclassified $0.9 million between raw materials and finished good as of June 30, 2016 to conform to current year's presentation of inventories.

Property and Equipment, net

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

	June 30, 2017	June 30, 2016
Furniture and fixtures	$ 4,364	$ 4,527
Computer and office equipment	11,802	11,485
Software	11,457	11,104
Leasehold improvements	23,164	21,632
Machinery and equipment	48,742	47,171
Construction in progress	3,533	4,412
	103,062	100,331
Less: Accumulated depreciation	(80,000)	(72,453)
Property and equipment, net	$ 23,062	$ 27,878

Depreciation and amortization expense related to property and equipment for the years ended June 30, 2017, 2016 and 2015 was $10.3 million, $10.3 million and $11.6 million, respectively.

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

3. Balance Sheet Components (Continued)

Accumulated Other Comprehensive Income (Loss)

The following table summarizes the changes in accumulated other comprehensive income (loss) by component (in thousands):

	Foreign Currency Items	Unrealized Gains and (Losses) on Available-for-Sale Securities	Change in Defined Pension Benefit Obligation	Total
Balance at June 30, 2015	$ 1,168	$ (77)	$ (1,517)	$ (426)
Other comprehensive income (loss) before reclassifications	(47)	63	(549)	(533)
Amounts reclassified from accumulated other comprehensive loss	—	(1)	—	(1)
Net current period other comprehensive income (loss)	(47)	62	(549)	(534)
Balance at June 30, 2016	1,121	(15)	(2,066)	(960)
Other comprehensive income (loss)	33	(74)	949	908
Balance at June 30, 2017	$ 1,154	$ (89)	$ (1,117)	$ (52)

4. Foreign Exchange Instruments

The Company utilizes foreign currency forward contracts with well-known financial institutions to manage its exposure of fluctuations in foreign currency exchange rates on certain intercompany balances and foreign currency denominated cash, customer receivables and liabilities. The Company does not use derivative financial instruments for speculative or trading purposes. These forward contracts are not designated as hedging instruments for accounting purposes. Principal hedged currencies include the Euro, Japanese Yen, Swiss Franc, and U.S. Dollar. The periods of these forward contracts range up to approximately three months and the notional amounts are intended to be consistent with changes in the underlying exposures. The Company intends to exchange foreign currencies for U.S. Dollars at maturity. There were no outstanding foreign currency forward contracts at the end of fiscal years 2017 and 2016.

The following table shows the effect of forward contracts not designated as hedging instruments and foreign currency transactions gains and losses, which were included in "Other expense, net" on the consolidated statements of operations in fiscal years (in thousands):

	Years ended June 30,		
	2017	2016	2015
Foreign currency exchange gain (loss) on foreign contracts	$ (1,322)	$ (4,155)	$ (1,355)
Foreign currency transactions gain (loss)	55	2,141	(1,196)

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

5. Financial Instruments

The Company considers all highly liquid investments held with various financial institutions, certificates of deposit and other securities with original maturities of three months or less to be cash equivalents.

The Company classifies all of its investments as available-for-sale at the time of purchase because it is management's intent that these investments are available for current operations and includes these investments on its balance sheets as short-term investments. Investments with original maturities longer than three months include commercial paper and investment- grade agency and corporate debt securities. Investments classified as available-for-sale are recorded at fair market value with the related unrealized gains and losses included in accumulated other comprehensive income (loss), a component of stockholders' equity. Realized gains and losses are recorded based on specific identification of each security's cost basis.

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.

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

5. Financial Instruments (Continued)

The following tables summarize the amortized cost, gross unrealized gains, gross unrealized losses and fair value by significant investment category for cash, cash equivalents and short-term investments (in thousands):

	June 30, 2017				
				Estimated Fair Value	
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Cash and Cash Equivalents	Short-term Investments
Cash	$ 70,515	$ —	$ —	$ 70,515	$ —
Level 1					
Money market funds	1,569	—	—	1,569	—
Level 2					
U.S. government agency securities	23,998	—	(89)	—	23,909
Total	$ 96,082	$ —	$ (89)	$ 72,084	$ 23,909

	June 30, 2016				
				Estimated Fair Value	
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Cash and Cash Equivalents	Short-term Investments
Cash	$ 95,906	$ —	$ —	$ 95,906	$ —
Level 1					
Money market funds	13,362	—	—	13,362	—
	13,362	—	—	13,362	—
Level 2					
Commercial paper	14,704	—	—	8,938	5,766
U.S. government agency securities	28,000	7	(17)	—	27,990
U. S. treasury securities	3,997	1	—	—	3,998
Municipal debt securities	1,565	—	—	1,565	—
Corporate debt securities	9,491	—	(6)	—	9,485
	57,757	8	(23)	10,503	47,239
Total	$ 167,025	$ 8	$ (23)	$ 119,771	$ 47,239

The Company's Level 2 investments in the table above are classified as Level 2 items because quoted prices in an active market are not readily accessible for those specific financial assets, or the Company may have relied on alternative pricing methods that do not rely exclusively on quoted prices to determine the fair value of the investments.

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

5. Financial Instruments (Continued)

Contractual maturities of available-for-sale securities at June 30, 2017 were as follows (in thousands):

	June 30, 2017	
	Amortized Cost	Estimated Fair Value
Due in 1 year or less	$ 12,000	$ 11,970
Due in 1 - 2 years	11,998	11,939
Total	$ 23,998	$ 23,909

The following table summarizes our available-for-sale debt securities that were in a continuous unrealized loss position, but were not deemed to be other-than-temporarily impaired (in thousands):

	Less Than 12 Months		12 Months or Greater		Total	
	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value
June 30, 2017						
Debt Securities:						
U. S. government agency securities	$ (31)	$ 11,970	$ (58)	$ 11,939	$ (89)	$ 23,909
Total	$ (31)	$ 11,970	$ (58)	$ 11,939	$ (89)	$ 23,909
June 30, 2016						
Debt Securities:						
Corporate debt securities	$ (3)	$ 6,325	$ (3)	$ 3,160	$ (6)	$ 9,485
U. S. government agency securities	—	—	(17)	19,988	(17)	19,988
Total	$ (3)	$ 6,325	$ (20)	$ 23,148	$ (23)	$ 29,473

The Company held a total of 8 positions as of June 30, 2017 and 11 positions as of June 30, 2016 that were in an unrealized loss position. Based on the Company's review of these securities, the Company believes it had no other-than-temporary impairments on these securities as of June 30, 2017 and 2016 because it does not intend to sell these securities and believes it is not more likely than not that it will be required to sell these securities before the recovery of their amortized cost basis. Gross realized gains and gross realized losses were insignificant for the years ended June 30, 2017, 2016 and 2015.

Assets and Liabilities That Are Measured at Fair Value on a Nonrecurring Basis

The Company's non-marketable equity investments and non-financial assets, such as goodwill, intangible assets, and property, plant, and equipment (measured at fair value if a write-down is recognized) are evaluated for impairment annually or when indicators of impairment exist. The fair value measurement of non-marketable equity investments is performed by a third-party analyst using Level 3 inputs. Non-financial assets such as identified intangible assets acquired in connection with an acquisition are measured at fair value using Level 3 inputs, which include discounted cash flow methodologies, or similar techniques, when there is limited market activity and the determination of fair value requires significant judgment and estimates. In addition, in evaluating the fair value of

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

5. Financial Instruments (Continued)

goodwill impairment, further corroboration is obtained using our market capitalization. The Company did not record any impairment charges for non-marketable equity investments and non-financial asset in the fiscal years ended June 30, 2017, 2016, and 2015.

The debt is measured on a non-recurring basis using Level 2 inputs based upon observable inputs of the Company's underlying stock price and the time value of the conversion option, since an observable quoted price of the Existing 3.50% Convertible Notes is not readily available. The Company's Revolver Credit Facility and its Secured Loan are valued at market interest rates, which it considers to be a level 2 fair value measurement. Therefore, the Company's carrying value of these financial instruments approximate their fair value.

The following table summarizes the carrying values and estimated fair values of the Company's Existing 3.50% Convertible Notes and other non-convertible debt (in thousands):

	June 30, 2017		June 30, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
3.75% Convertible Notes	$ —	$ —	$ 36,400	$ 36,487
3.50% Convertible Notes	44,099	48,146	43,195	51,450
3.50% Series A Convertible Notes	68,924	74,982	66,613	81,053
Secured Loan	—		64,204	64,204
Revolver Credit Facility	51,548	51,548	—	—
Total	$ 164,571	$ 174,676	$ 210,412	$ 233,194

6. Goodwill and Purchased Intangible Assets

Goodwill

Goodwill as of June 30, 2017 and 2016 and changes in the carrying amount of goodwill for the respective periods are as follows (in thousands):

	As of June 30,	
	2017	2016
Balance at the beginning of the period	$ 57,848	$ 58,054
Currency translation	(36)	(206)
Balance at the end of the period	$ 57,812	$ 57,848

In fiscal 2017 the Company performed its annual goodwill impairment test and determined that there was no impairment to goodwill. The Company will continue to monitor its recorded goodwill for indicators of impairment.

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Notes to Consolidated Financial Statements (Continued)

6. Goodwill and Purchased Intangible Assets (Continued)

Purchased Intangible Assets

The Company's intangible assets associated with completed acquisitions and purchased patent license are as follows (in thousands):

	Useful Lives (in years)	As of June 30, 2017			As of June 30, 2016		
		Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Developed technology	5 - 6	$ 46,700	$ (46,700)	$ —	$ 46,743	$ (39,132)	$ 7,611
Patent license	7	1,000	(36)	964	—	—	—
Total intangible assets		$ 47,700	$ (46,736)	$ 964	$ 46,743	$ (39,132)	$ 7,611

During fiscal year 2017, the Company purchased a patent license with a useful life of seven years. The Company did not identify any triggering events that would indicate potential impairment of its definite-lived intangible and long-lived assets as of June 30, 2017 and 2016.

Amortization expense related to purchased intangible assets was $7.7 million, $8.0 million and $7.9 million for the years ended June 30, 2017, 2016 and 2015, respectively.

The estimated future amortization expense of purchased intangible assets as of June 30, 2017 is as follows (in thousands):

Year Ending June 30,	Amount
2018	$ 143
2019	143
2020	143
2021	143
2022	143
Thereafter	249
	$ 964

7. Commitments and Contingencies

Operating Lease Agreements and Long-term Debt

The Company leases office and manufacturing space under non-cancelable operating leases with various expiration dates through June 2025. Rent expense was $8.6 million, $8.3 million and $8.0 million for the years ended June 30, 2017, 2016 and 2015, respectively. The terms of some of the facility leases provide for rental payments on a graduated scale. For these leases, the Company recognizes rent expense on a straight-line basis over the lease period, and has accrued for rent expense incurred but not paid.

The Company is also required to make semi-annual interest payments on the Existing 3.50% Convertible Notes and monthly interest payments on the Revolver Credit Facility. See Note 12, *Debt*, for details.

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

7. Commitments and Contingencies (Continued)

Future minimum lease payments under non-cancelable operating lease agreements and short-term principal and interest on the Existing 3.50% Convertible Notes and Revolving Credit Facility as of June 30, 2017 are as follows including the effects of the subsequent debt financing as reported in Note 18 (in thousands):

Year Ending June 30,	Operating Leases	Long-Term Debt(1)
2018	$ 9,290	$ 47,597
2019	7,569	6,827
2020	6,844	6,828
2021	6,062	6,828
2022	6,093	58,827
Thereafter	12,642	85,266
Total	$ 48,500	$ 212,173

(1) These amounts represent principal and interest cash payments over the contractual life of the debt obligations, including anticipated interest payments that are not recorded on the Company's consolidated balance sheet. Any conversion, premium, redemption or purchase of Convertible Notes would impact cash payments noted in the preceding table.

The Company's purchase commitments and obligations include all open purchase orders and contractual obligations in the ordinary course of business, including commitments with contract manufacturers and suppliers, for which the Company has not received the goods or services and acquisition and licensing of intellectual property. A majority of these purchase obligations are due within a year. Although open purchase orders are considered enforceable and legally binding, the terms generally allows the Company the option to cancel, reschedule, and adjust its requirements based on the Company's business needs prior to the delivery of goods or performance of services, and hence, have not been included in the table above.

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 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 not recorded any liability associated with its indemnification agreements as it is not aware of any pending or threatened actions that represent probable losses as of June 30, 2017.

Royalty Agreement

The Company has an exclusive license agreement with the Wisconsin Alumni Research Foundation (WARF), to make, use, sell and otherwise distribute products under certain of WARF's patents

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

7. Commitments and Contingencies (Continued)

anywhere in the world. The Company is required to pay WARF a royalty for each TomoTherapy System sold that includes the licensed technology. The license agreement expires upon expiration of the patents and may be terminated earlier if the Company so elects. WARF has the right to terminate the license agreement if the Company does not meet the minimum royalty obligation of $0.3 million per year, or if the Company commits any breach of the license agreement's covenants. The Company recorded royalty costs of $0.5 million, $0.6 million and $0.6 million for the years ended June 30, 2017, 2016 and 2015, respectively, which were recorded in cost of revenue or deferred cost of revenue. The Company had accrued liabilities of approximately $0.2 million and $0.2 million at June 30, 2017 and 2016, respectively, related to this agreement.

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 not recorded any liability associated with this indemnification, as it is not aware of any pending or threatened actions that represent probable losses as of June 30, 2017.

Litigation

From time to time, the Company is involved in legal proceedings arising in the ordinary course of its business. The Company records a provision for a loss when it believes that it is both probable that a loss has been incurred and the amount can be reasonably estimated. Currently, management believes the Company does not have any probable and estimable losses related to any current legal proceedings and claims. Although occasional adverse decisions or settlements may occur management does not believe that an adverse determination with respect to any of these claims would individually or in the aggregate materially and adversely affect the Company's financial condition or operating results. Litigation is inherently unpredictable and is subject to significant uncertainties, some of which are beyond the Company's control. Should any of these estimates and assumptions change or prove to have been incorrect, the Company could incur significant charges related to legal matters that could have a material impact on its results of operations, financial position and cash flows.

8. Stockholders' Equity

At June 30, 2017, the Company had 13.2 million shares of common stock reserved for future issuance to the holders of the 3.50% Convertible Senior Notes and had 7.7 million shares of common stock reserved for issuance under the stock incentive plans and the employee stock purchase plan.

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Notes to Consolidated Financial Statements (Continued)

9. Stock Incentive Plan and Employee Stock Purchase Plan

As of June 30, 2017, the Company had three outstanding stock incentive plans: the 2016 Equity Incentive Plan, or the 2016 Plan; the 2007 Incentive Award Plan, or the 2007 Plan; and the 1998 Stock Incentive Plan, or the 1998 Plan. The 2016 Plan permits the granting of stock options, stock appreciation rights, restricted stock awards, performance shares, performance units, and restricted stock units, or RSUs. The vesting of RSUs granted under the 2016 Plan are primarily service-based (over the requisite service period) while the vesting of performance units granted under the 2016 Plan are primarily performance-based, or PSUs, or market-based, or MSUs. Only employees of the Company are eligible to receive incentive stock options. Non-employees may be granted non-qualified stock options.

Stock options granted under the 2016 Plan have an exercise price of at least 100% of the fair market value of the underlying stock on the grant date. The stock options have 10 year contractual terms and generally become exercisable for 25% of the option shares one year from the date of grant and then ratably over the following 36 months. Service-based RSUs granted under the equity plans generally vest 25% of the share units covered by the grant on each of the first through fourth anniversaries of the date of the grant, subject to the continued service of the grantee through each such date. However, certain of the outstanding RSUs under our equity plans vest 50% upon the first anniversary year of the grant date, and 50% upon the second anniversary year of the grant date. The Board of Directors has the discretion to use different vesting schedules.

As of June 30, 2017, the 2007 plan and the 1998 Plan each continued to remain in effect; however, the Company can no longer grant equity awards under such plans.

The following table summarizes the share-based compensation charges included in the Company's consolidated statements of operations and comprehensive loss (in thousands):

	Years ended June 30,		
	2017	2016	2015
Cost of revenue	$ 1,991	$ 1,677	$ 1,874
Research and development	2,490	2,564	2,971
Selling and marketing	2,827	2,633	2,945
General and administrative	6,321	5,764	6,140
Total	$ 13,629	$ 12,638	$ 13,930

The amount of capitalized share-based compensation costs as components of inventory for the years ended June 30, 2017, 2016 and 2015 was insignificant.

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

9. Stock Incentive Plan and Employee Stock Purchase Plan (Continued)

Stock Options

The fair value of each option is estimated at the date of grant using the Black-Scholes option pricing formula with the following assumptions:

	Years Ended June 30,		
	2017	2016(1)	2015(1)
Risk-free interest rate	1.76%	—%	—%
Dividend yield	—%	—%	—%
Expected term	5.12	—	—
Expected volatility	46.4%	—%	—%

(1) The Company did not issue any stock options for the years ended June 30, 2016 and 2015.

Determining Fair Value of Stock Options

The fair value of each grant of stock options was determined by the Company using the methods and assumptions discussed below. Each of these inputs is subjective and generally requires significant judgment to determine.

Valuation and Amortization Method—The Company estimates the fair value of its stock options using the Black-Scholes option-pricing model. This fair value is then amortized over the requisite service periods of the awards.

Expected Term—The Company estimates the expected term of stock option by taking the average of the vesting term and the contractual term of the option, as illustrated by the simplified method.

Expected Volatility—The expected volatility is derived from the Company's historical stock volatility over a period approximately equal to the expected term of the options.

Risk-Free Interest Rate—The risk-free interest rate is based on the U.S. Treasury yield curve on the date of grant.

Dividend Yield—The dividend yield assumption is based on the Company's history and expectation of no dividend payouts.

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

9. Stock Incentive Plan and Employee Stock Purchase Plan (Continued)

A summary of option activity under the Company's Incentive Plan during the fiscal years is presented below (in thousands except per share and term amounts):

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (In Years)	Aggregate Intrinsic Value
Balance at June 30, 2014	3,209	$ 7.44	5.38	$ 8,251
Options granted	—	—		
Options exercised	(529)	4.84		
Options forfeited/expired	(143)	8.72		
Balance at June 30, 2015	2,537	7.91	5.10	$ 1,862
Options granted	—	—		
Options exercised	(59)	4.89		
Options forfeited/expired	(101)	7.53		
Balance at June 30, 2016	2,377	8.00	3.97	$ 452
Options granted	760	5.05		
Options exercised	(113)	5.18		
Options forfeited/expired	(561)	13.38		
Balance at June 30, 2017	2,463	6.05	5.42	$ 191
Vested or Expected to vest at June 30, 2017	2,463	6.05	5.42	$ 191
Exercisable at June 30, 2017	1,703	$ 6.49	3.64	$ 191

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between the fair value of the Company's common stock on June 30, 2017 of $4.75 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, 2017. The total intrinsic value of options exercised in the years ended June 30, 2017, 2016 and 2015 was approximately $0.1 million, $0.1 million and $1.4 million, respectively.

During the years ended June 30, 2017, 2016 and 2015, the Company recognized $0.5 million, $0.8 million and $1.1 million, respectively, of share-based compensation expense for stock options granted to employees.

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 additional paid-in capital. Realized excess tax benefits related to stock options exercises was zero for each of the years ended June 30, 2017, 2016 and 2015.

As of June 30, 2017, there was approximately $1.4 million of unrecognized compensation cost net of estimated forfeitures, related to unvested stock options, which is expected to be recognized over a weighted average period of 3.42 years.

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

9. Stock Incentive Plan and Employee Stock Purchase Plan (Continued)

The following table summarizes information about outstanding and exercisable options at June 30, 2017 (in thousands, except years and exercise price):

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighte Average Exercise Price	Number Outstanding	Weighted Average Exercise Price
$4.00 - 4.01	248	4.35	$ 4.01	248	$ 4.01
$4.23 - 4.94	61	1.83	4.66	61	4.66
$5.05 - 5.05	760	9.42	5.05	—	—
$5.38 - 5.68	266	2.54	5.65	266	5.65
$5.74 - 6.28	394	4.45	6.16	394	6.16
$6.32 - 6.63	247	2.97	6.50	247	6.50
$6.75 - 6.82	14	4.22	6.77	14	6.77
$6.96 - 6.96	276	5.25	6.96	276	6.96
$7.06 - 13.45	143	2.20	9.74	143	9.74
$15.22 - 15.22	54	0.50	15.22	54	15.22
Total Outstanding	2,463	5.42	$ 6.05	1,703	$ 6.49

Restricted Stock

The following table summarizes the activity of RSUs, PSUs and MSUs (in thousands, except fair value per share):

Unvested Resstricted Stock	Restricted Stock Units	Performance Stock Units	Market Stock Units	Total Number of Shares Underlying Stock Awards	Weighted Average Grant Date Fair Value Per Share
Unvested at June 30, 2014	3,116	25	806	3,947	$ 6.24
Granted	1,679	20	513	2,212	6.77
Vested	(1,150)	(25)	—	(1,175)	6.73
Cancelled/Forfeited	(320)	—	(181)	(501)	6.20
Unvested at June 30, 2015	3,325	20	1,138	4,483	6.86
Granted	2,563	—	585	3,148	6.12
Vested	(1,138)	(20)	(413)	(1,571)	6.81
Cancelled/Forfeited	(546)	—	(148)	(694)	6.59
Unvested at June 30, 2016	4,204	—	1,162	5,366	6.48
Granted	1,622	10	708	2,340	5.03
Vested	(1,534)	—	(176)	(1,710)	4.99
Cancelled/Forfeited	(408)	—	(361)	(769)	5.86
Unvested at June 30, 2017	3,884	10	1,333	5,227	$ 5.75

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

9. Stock Incentive Plan and Employee Stock Purchase Plan (Continued)

As of June 30, 2017, there was approximately $26.3 million of unrecognized compensation cost, net of estimated forfeitures, related to restricted stock, which is expected to be recognized over a weighted average period of 2.13 years.

Restricted Stock Units

The Company recognized $9.5 million, $7.6 million and $7.9 million of share-based compensation expense, net of estimated forfeitures, related to RSUs during the years ended June 30, 2017, 2016 and 2015. The weighted average grant date fair value per share of RSUs was $5.03, $6.01 and $6.79 for the years ended June 30, 2017, 2016 and 2015, respectively. The aggregate fair market value of RSUs that vested during the year ended June 30, 2017 was $7.6 million.

Performance Stock Units

The Compensation Committee approved the grant of 10,000, zero and 20,000 PSUs to select employees of the Company in the years ended June 30, 2017, 2016 and 2015, respectively. Of these PSUs, zero, 20,000 and 25,000 vested in the years ended June 30, 2017, 2016 and 2015, respectively, due to the achievement of the requisite performance targets while none were cancelled in the years ended June 30, 2017, 2016 and 2015, respectively.

The Company recognized zero, $0.04 million, and $0.2 million of share-based compensation expense, net of estimated forfeitures, related to PSUs during the years ended June 30, 2017, 2016, and 2015, respectively.

Market Stock Units

The Compensation Committee approved the performance equity program, referred to as the market stock unit program, or MSU program, in October 2012. The Company's MSU Program uses the Russell 2000 index as a performance benchmark and requires that the Company's total stockholder return match or exceed that of the Russell 2000. Based on a sliding scale of how much the Company's total stockholder return outperforms the Russell 2000 benchmark, the participating executives can earn up to a maximum of 150% of the target number of shares over two measurement periods. The Company uses a Monte-Carlo simulation to calculate the fair value of the award on the grant date. The Compensation Committee approved the grant of 0.7 million, 0.6 million and 0.5 million MSUs to select employees of the Company in the years ended June 30, 2017, 2016 and 2015, respectively. Of these MSUs, 0.2 million, 0.4 million and 0.5 million vested in the years ending June 30, 2017, 2016 and 2015, respectively, due to the Company's total stockholder return performance against the Russell 2000 index while 0.4 million, 0.1 million and 0.2 million MSUs were cancelled in the years ended June 30, 2017, 2016 and 2015, respectively.

The Company recognized $2.5 million, $3.0 million and $3.4 million of share-based compensation expense, net of estimated forfeitures, related to MSUs during the years ended June 30, 2017, 2016 and 2015, respectively. The weighted average grant date fair value per share of MSUs was $5.20, $6.61 and $6.64 for the years ended June 30, 2017, 2016 and 2015, respectively. As of June 30, 2017, there was approximately $2.6 million of unrecognized compensation cost, net of estimated forfeitures, related to MSUs.

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Notes to Consolidated Financial Statements (Continued)

9. Stock Incentive Plan and Employee Stock Purchase Plan (Continued)

Employee Stock Purchase Plan

Under the Company's Amended and Restated 2007 Employee Stock Purchase Plan, or ESPP, qualified employees are permitted 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. The ESPP is deemed compensatory and compensation costs are accounted for under ASC 718, *Stock Compensation*. 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.

The Company estimates the fair value of ESPP shares at the date of grant using the Black-Scholes option pricing model. The weighted average assumptions were as follows:

	Years Ended June 30,		
	2017	2016	2015
Risk-free interest rate	0.49% - 0.70%	0.51% - 0.70%	0.07% - 0.26%
Dividend yield	—%	—%	—%
Expected term	0.5 - 1.0	0.5 - 1.0	0.5 - 1.0
Expected volatility	24.6% - 42.0%	33.3% - 49.1%	27.1% - 41.3%

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; expected volatility was based on the historical volatility of the Company's common stock; and the expected term was based upon the offering period of the ESPP. For the years ended June 30, 2017, 2016 and 2015, the Company recognized $1.2 million, $1.3 million and $1.3 million, respectively, of compensation expense related to its ESPP.

The Company issued 0.9 million and 0.7 million shares under the ESPP in fiscal 2017 and 2016, respectively, at a weighted average price per share of $3.84 and $4.92, respectively. As of June 30, 2017, total unrecognized compensation cost related to the ESPP plan was $0.6 million, which the Company expects to recognize over a weighted average period of 0.6 years.

10. Income Taxes

Loss before provision for income taxes on the accompanying statements of operations and comprehensive loss included the following components (in thousands):

	Years Ended June 30,		
	2017	2016	2015
Domestic	$ (35,227)	$ (32,710)	$ (46,178)
Foreign	6,686	9,542	8,388
Total worldwide	$ (28,541)	$ (23,168)	$ (37,790)

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Notes to Consolidated Financial Statements (Continued)

10. Income Taxes (Continued)

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

	Years Ended June 30,		
	2017	2016	2015
Current:			
Federal	$ —	$ —	$ —
State	14	17	33
Foreign	1,292	2,723	1,722
Total current	$ 1,306	$ 2,740	$ 1,755
Deferred:			
Federal	—	—	—
State	—	—	—
Foreign	(268)	(404)	664
Total deferred	(268)	(404)	664
Total provision for income taxes	$ 1,038	$ 2,336	$ 2,419

Income tax payable was $1.2 million, $2.3 million and $0.4 million at June 30, 2017, 2016 and 2015, respectively. A reconciliation of income taxes at the statutory federal income tax rate to the provision for income taxes included in the accompanying consolidated statements of operations and comprehensive loss is as follows (in thousands):

	Years Ended June 30,		
	2017	2016	2015
U.S. federal taxes (benefit):			
At federal statutory rate	$ (9,988)	$ (8,108)	$ (13,226)
State tax, net of federal benefit	14	17	33
Share-based compensation expense	802	701	579
Debt extinguishment	—	338	—
Other non-deductible permanent items	771	877	779
Change in valuation allowance	11,070	10,370	14,744
Credits	(359)	(795)	(79)
Other	83	20	—
Foreign taxes	(1,355)	(1,084)	(411)
Total	$ 1,038	$ 2,336	$ 2,419

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

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Notes to Consolidated Financial Statements (Continued)

10. Income Taxes (Continued)

purposes. Significant components of the Company's net deferred tax assets were as follows (in thousands):

	June 30,	
	2017	2016
Deferred tax assets:		
Federal and state net operating losses	$ 122,465	$ 117,524
Accrued expenses and reserves	8,374	6,392
Deferred revenue	5,095	4,853
Credits	18,862	18,168
Share-based compensation expense	5,460	6,323
Capitalized research and development	7,441	5,882
Unicap	2,456	2,666
Fixed assets/intangibles	2,451	(961)
Other	1,334	859
Total deferred tax assets	173,938	161,706
Deferred tax liabilities:		
Debt discount	(494)	(1,805)
Section 481 adjustment	(768)	(1,140)
Total deferred tax liabilities	(1,262)	(2,945)
Valuation allowance	(171,733)	(158,264)
Net deferred tax assets	$ 943	$ 497

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, 2017 was $26.5 million. It is not practicable to determine the income tax liability that might be incurred if these earnings were to be repatriated to the U.S.

As of June 30, 2017, the Company had approximately $329.8 million and $154.5 million in federal and state net operating loss carryforwards, respectively. The federal and state carryforwards expire in varying amounts beginning in 2019 for federal and 2018 for state purposes. Such net operating loss carryforwards include excess tax benefits from employee stock option exercises which, in accordance with guidance for income tax accounting, have not been recorded within the Company's deferred tax asset balances. The Company will record approximately $0.9 million as a credit to additional paid-in capital as and when such excess benefits are ultimately realized.

In addition, as of June 30, 2017, the Company had federal and state research and development tax credits of approximately $18.6 million and $18.7 million, respectively. The federal research credits will begin to expire in 2019, the California research credits have no expiration date, and the other state research credits began to expire in 2018.

Under the Internal Revenue Code ("IRC") Sections 382 and 383, annual use of our net operating loss and research tax credit carryforwards to offset taxable income may be limited based on cumulative changes in ownership. An analysis of the impact of this provision through March 31, 2016 has been

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Notes to Consolidated Financial Statements (Continued)

10. Income Taxes (Continued)

performed and it was determined that, although ownership changes had occurred, the carryovers should be available for utilization by the Company before they expire, provided we generate sufficient future taxable income. There were no equity financings in the current fiscal year that would result in an ownership change under Section 382. The Company will continue to monitor the changes in equity that would affect the tax attributes as reported.

Based on the available objective evidence and history of losses, the Company has established a 100% valuation allowance against the combined domestic net deferred tax assets of Accuray and TomoTherapy because of uncertainty surrounding the realization of such deferred tax assets.

The aggregate changes in the balance of gross unrecognized tax benefits were as follows (in thousands):

	Years Ended June 30,		
	2017	2016	2015
Balance at beginning of year	$ 16,643	$ 17,023	$ 17,169
Tax positions related to current year:			
Additions	1,190	1,811	726
Tax positions related to prior years:			
Additions	299	449	29
Reductions	(2,313)	(2,640)	(901)
Balance at end of year	$ 15,819	$ 16,643	$ 17,023

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 respect to legislative, bilateral tax treaty, regulatory and judicial developments in the countries in which the Company does business. The reduction in prior year's tax positions primarily relates to lapses of applicable statutes of limitations. The Company anticipates that except for $0.1 million in uncertain tax positions that may be reduced related to the lapse of various statutes of limitation and completion of tax examinations there will be no material changes in uncertain tax positions in the next 12 months. As of June 30, 2017, the amount of gross unrecognized tax benefits was $15.8 million of which $11.9 million would affect the Company's effective tax rate if realized.

The Company's practice is to recognize interest and/or penalties related to income tax matters in income tax expense. As of June 30, 2017 and 2016, the Company had approximately $0.2 million and $0.5 million, respectively, of accrued interest and penalties related to uncertain tax positions.

The Company files income tax returns in the United States federal, various states and foreign jurisdictions. Due to tax attributes being carried forward and utilized during open years, the statute of limitations remains open for the U.S. federal jurisdiction and domestic states for tax years from 1999 and forward. In the foreign jurisdictions where the Company files income tax returns, the statutes of limitations with respect to these jurisdictions vary from jurisdiction to jurisdiction and range from 4 to 10 years. The material foreign jurisdictions are France, Switzerland, and Japan, whose tax years remain open from 2013, 2008, and 2010, respectively.

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Notes to Consolidated Financial Statements (Continued)

10. Income Taxes (Continued)

The Company is also subject to periodic examination of its income tax returns by the Internal Revenue Service (IRS) and other tax authorities, and in some cases the Company has received additional tax assessments which have not been significant. During fiscal year 2017, the Company received tax assessments from the Swiss Vaud Canton tax administration for the 2013, 2015 and 2016 tax periods. The Swiss total assessment of $0.1 million was settled in 2017.

11. Other Expense, Net

Other expense, net consisted of the following (in thousands):

	Years Ended June 30,		
	2017	2016	2015
Interest expense on debt	$ (17,302)	$ (17,460)	$ (16,518)
Foreign currency transaction loss	(1,267)	(2,014)	(2,551)
Other (expense) income(1)	(149)	1,179	448
Total other expense, net	$ (18,718)	$ (18,295)	$ (18,621)

(1) Other (expense) income consists of interest income, investment gains and losses, other miscellaneous income and expenses related to extinguishment of debt.

12. Debt

MidCap Revolving Credit Facility

On June 14, 2017, the Company entered into a credit and security agreement (the "Credit Agreement") by and among the Company, as borrower, TomoTherapy Incorporated, a direct, wholly-owned subsidiary of the Company, as borrower ("TomoTherapy," and together with the Company, the "Borrowers"), any additional borrower that may be added thereto, MidCap Financial Trust ("MidCap"), individually as a lender and as agent ("Agent"), and the other lenders from time to time parties thereto (together with MidCap as a lender, the "Lenders"). The Credit Agreement provides for a revolving credit facility in the initial amount of $52.0 million, which the Company may request be increased by up to $33.0 million to a new total of $85.0 million through additional tranches, each with a $1.0 million minimum (the "Facility"). Neither Agent nor the Lenders have any obligation to consent to activation of an additional tranche. Availability for borrowings under the Facility is subject to a borrowing base that is calculated as a function of the value of the Borrowers' eligible accounts receivable and eligible inventory, and the Borrowers are required to maintain a minimum drawn balance of at least 30% of such availability.

The Facility's stated maturity date is June 14, 2021, but the Facility may mature earlier than the stated maturity date if certain conditions set forth in the Credit Agreement are not met, including conditions related to the Company's Existing 3.50% Convertible Notes maturing February 1, 2018.

The Borrowers' obligations under the Credit Agreement are secured by first-priority liens on substantially all the assets of the Borrowers, subject to certain exceptions.

Interest on the borrowings under the Facility is payable monthly in arrears at an annual interest rate of reserve-adjusted, 90-day LIBOR (subject to a 1.00% floor) plus 4.50%. The Credit Agreement

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Notes to Consolidated Financial Statements (Continued)

12. Debt (Continued)

requires the Borrowers to pay Agent a collateral management fee of 0.10% per month on the outstanding balance of the Facility. The Credit Agreement also requires the Borrowers to pay the Lenders an unused line fee equal to 0.5% per annum of the average unused portion of the Facility. If all or a portion of the Lenders' funding obligations under the Credit Agreement terminate for any reason other than as a result of a refinancing of 100% of the loans made under the Facility by Agent and the Lenders, then the Company will be required to pay a fee equal to 3% of the commitment amount terminated if such termination occurs within the first year, 2% of the commitment amount terminated if such termination occurs within the second year, and 1% of the commitment amount terminated if such termination occurs after the second year.

The Credit Agreement contains restrictions and covenants applicable to the Company and its subsidiaries. Among other requirements, the Company may not permit the Fixed Charge Coverage Ratio (as defined in the Credit Agreement) to be less than a certain specified ratio for each fiscal quarter during the term of the Facility.

The Credit Agreement also contains customary covenants that limit, among other things, the ability of the Company and its subsidiaries to (i) incur indebtedness, (ii) incur liens on their property, (iii) pay dividends or make other distributions, (iv) sell their assets, (v) make certain loans or investments, (vi) merge or consolidate, (vii) voluntarily repay or prepay certain indebtedness and (viii) enter into transactions with affiliates, in each case subject to certain exceptions. The Credit Agreement contains customary representations and warranties and events of default.

First Lien Senior Secured Term Loan due January 2021 (Secured Loan)

On January 11, 2016, the Company closed a $70.0 million first lien senior secured debt financing agreement with Cerberus Business Finance, LLC, an affiliate of Cerberus Capital Management, L.P (the "Secured Loan"). The proceeds of the loan were to be used to retire the 3.75% Convertible Notes at the earlier of August 2016 or when otherwise redeemed. The Secured Loan bore interest at a variable rate per annum equal to, at the Company's option, (i) the LIBOR Rate for one month plus an applicable margin of 7.00% (subject to a LIBOR Rate floor of 1.00% per annum), or (ii) a Reference Rate, which is the higher of 1) 3.25%, 2) Federal Funds Rate plus 0.5%, 3) the LIBOR rate for 1 month plus 1%, and 4) the US Prime Rate as published in the Wall Street Journal, plus an applicable margin of 4.75% per annum. The loan was repayable in consecutive quarterly installments of $875,000 with the final payment due on the final maturity date. The Secured Loan was to mature on the earlier of: (i) January 11, 2021 and (ii) the date that is 120 days prior to the scheduled maturity date of the 3.50% Convertible Notes maturing February 1, 2018 unless the Company had set aside specifically identifiable funds raised from new common equity or new debt equal to the then-outstanding principal amount of the 3.50% Convertible Notes. The net proceeds from the offering, after deducting the initial purchaser's discount and commission and the related offering costs, were approximately $65.5 million. The offering costs of $3.1 million and the initial purchaser's discount and commission of $1.4 million (both of which are recorded in Long-term Debt) were being amortized to interest expense using the effective interest method over five years. The Secured Loan is secured by first-priority liens on substantially all the assets of the Company.

The Company could, at its election, repay the Secured Loan at any time and if so, the Company would be required to pay a prepayment premium of 2% if the Secured Loan was repaid or accelerated within the first year on the amount repaid and 1% if the Secured Loan was repaid or accelerated

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Notes to Consolidated Financial Statements (Continued)

12. Debt (Continued)

within the second year on the amount repaid. In June 2017, the Company elected to repay the outstanding balance of the Secured Loan in the amount of $60.6 million plus accrued interest of $0.2 million and a prepayment premium of $0.6 million. The remaining offering costs and discount of approximately $2.2 million and $1.3 million, respectively, were charged to interest expense. Accordingly, the Secured Loan was terminated.

3.75% Convertible Senior Notes due August 2016

On August 1, 2011, the Company issued the 3.75% Convertible Notes to certain qualified institutional buyers or QIBs. The 3.75% Convertible Notes were offered and sold to the QIBs pursuant to Rule 144A under the Securities Act of 1933, as amended or Rule 144A. The net proceeds from the $100 million offering, after deducting the initial purchaser's discount and commission and the related offering costs, were approximately $96.1 million. The offering costs and the initial purchaser's discount and commission (which are recorded in Other Assets) were both being amortized to interest expense using the effective interest method over five years. The 3.75% Convertible Notes bore interest at a rate of 3.75% per year, payable semi-annually in arrears in cash on February 1 and August 1 of each year, beginning on February 1, 2012. The 3.75% Convertible Notes would mature on August 1, 2016, unless earlier repurchased, redeemed or converted.

The 3.75% Convertible Notes were issued under an Indenture between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee. Holders of the 3.75% Convertible Notes could convert their 3.75% Convertible Notes at any time on or after May 1, 2016 until the close of business on the business day immediately preceding the maturity date. Prior to May 1, 2016, holders of the 3.75% Convertible Notes could convert their 3.75% Convertible Notes only under the following circumstances: (1) during any calendar quarter after the calendar quarter ending September 30, 2011, and only during such calendar quarter, if the closing sale price of the Company's common stock for each of 20 or more trading days in the 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter exceeds 130% of the conversion price in effect on the last trading day of the immediately preceding calendar quarter; (2) during the five consecutive business days immediately after any five consecutive trading-day period (such five consecutive trading-day period, the "Note Measurement Period") in which the trading price per $1,000 principal amount of 3.75% Convertible Notes for each trading day of that Note Measurement Period was equal to or less than 98% of the product of the closing sale price of shares of the Company's common stock and the applicable conversion rate for such trading day; (3) if the Company called any or all of the 3.75% Convertible Notes for redemption, at any time prior to the close of business on the business day immediately preceding the redemption date; or (4) upon the occurrence of specified corporate transactions as described in the Indenture. Upon conversion by holders of the 3.75% Convertible Notes, the Company would have the right to pay or deliver, as the case may be, cash, shares of common stock of the Company or a combination thereof, at the Company's election. At any time on or prior to the 33rd business day immediately preceding the maturity date, the Company could irrevocably elect to (a) deliver solely shares of common stock of the Company in respect of the Company's conversion obligation or (b) pay cash up to the aggregate principal amount of the 3.75% Convertible Notes to be converted and pay or deliver, as the case may be, cash, shares of common stock of the Company or a combination thereof in respect of the remainder, if any, of the Company's conversion obligation in excess of the aggregate principal amount of the 3.75% Convertible Notes being converted. The initial conversion rate was 105.5548 shares of the Company's common stock per $1,000 principal

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Notes to Consolidated Financial Statements (Continued)

12. Debt (Continued)

amount of 3.75% Convertible Notes (which represented an initial conversion price of approximately $9.47 per share of the Company's common stock). The conversion rate, and thus the conversion price, was subject to adjustment as further described below.

Holders of the 3.75% Convertible Notes who converted their 3.75% Convertible Notes in connection with a "make-whole fundamental change," as defined in the Indenture, could be entitled to a make-whole premium in the form of an increase in the conversion rate. Additionally, in the event of a "fundamental change," as defined in the Indenture, holders of the 3.75% Convertible Notes could require the Company to purchase all or a portion of their 3.75% Convertible Notes at a fundamental change repurchase price equal to 100% of the principal amount of 3.75% Convertible Notes, plus accrued and unpaid interest, if any, to, but not including, the fundamental change repurchase date.

Prior to the maturity date, the Company could redeem for cash all or a portion of the 3.75% Convertible Notes if the closing sale price of its common stock exceeded 130% of the applicable conversion price (the initial conversion price is approximately $9.47 per share of common stock) of such 3.75% Convertible Notes for at least 20 trading days during any consecutive 30 trading-day period (including the last trading day of such period).

In accordance with ASC 470-20, the Company separately accounted for the liability and equity conversion components of the 3.75% Convertible Notes. The principal amount of the liability component of the 3.75% Convertible Notes was $75.9 million as of the date of issuance based on the present value of its cash flows using a discount rate of 10%, our approximate borrowing rate at the date of the issuance for a similar debt instrument without the conversion feature. The carrying value of the equity conversion component was $24.1 million. A portion of the initial purchaser's discount and commission and the offering costs totaling $0.9 million was allocated to the equity conversion component. The liability component was being accreted to the principal amount of the 3.75% Convertible Notes using the effective interest method over five years.

In January 2016, the Company repurchased approximately $63.4 million in aggregate principal amount of its 3.75% Convertible Senior Notes due August 2016 for $66.6 million in cash. As $63.4 million of the 3.75% Convertible Senior Notes were settled in cash, a total of 6.7 million potentially dilutive shares were no longer potentially outstanding from a net loss per share perspective, these shares were already noted in Note 2 above as being excluded due to being anti-dilutive in the fiscal year 2016. The Company recorded a charge in the third quarter of fiscal 2016 of approximately $1.0 million associated with the repurchase of the notes. In August 2016, the Company settled the remaining 3.75% Convertible Senior Notes for approximately $36.6 million aggregate principal amount and $0.7 million accrued interest for approximately $37.3 million in cash.

3.50% Convertible Senior Notes due February 2018

In February 2013, the Company issued $115.0 million aggregate principal amount of its 3.50% Convertible Notes to certain QIBs. The 3.50% Convertible Notes were offered and sold to the QIBs pursuant to Rule 144A. The net proceeds from the offering, after deducting the initial purchaser's discount and commission and the related offering costs, were approximately $110.5 million. The offering costs and the initial purchaser's discount and commission (which are recorded in Other Assets) are both being amortized to interest expense using the effective interest method over five years. The 3.50% Convertible Notes bear interest at a rate of 3.50% per year, payable semi-annually in arrears in

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Notes to Consolidated Financial Statements (Continued)

12. Debt (Continued)

cash on February 1 and August 1 of each year, which began on August 1, 2013. The 3.50% Convertible Notes will mature on February 1, 2018, unless earlier repurchased, redeemed or converted.

In April 2014, through a series of transactions, the Company refinanced approximately $70.3 million aggregate principal amount of the 3.50% Convertible Notes with approximately $70.3 million aggregate principal amount of the Company's new 3.50% Series A Convertible Senior Notes due 2018 (the "3.50% Series A Convertible Notes").

The 3.50% Convertible Notes were issued under an Indenture between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee. Holders of the 3.50% Convertible Notes may convert their 3.50% Convertible Notes at any time until the close of business on the business day immediately preceding the maturity date. The 3.50% Convertible Notes are convertible, as described below into common stock of the Company at an initial conversion rate equal to 187.6877 shares of common stock per $1,000 principal amount of the 3.50% Convertible Notes, which is equivalent to a conversion price of approximately $5.33 per share of common stock, subject to adjustment.

Holders of the 3.50% Convertible Notes who convert their 3.50% Convertible Notes in connection with a "make-whole fundamental change", as defined in the Indenture, may be entitled to a make-whole premium in the form of an increase in the conversion rate. Additionally, in the event of a "fundamental change," as defined in the Indenture, holders of the 3.50% Convertible Notes may require the Company to purchase all or a portion of their 3.50% Convertible Notes at a fundamental change repurchase price equal to 100% of the principal amount of 3.50% Convertible Notes, plus accrued and unpaid interest, if any, to, but not including, the fundamental change repurchase date.

In accordance with guidance in ASC 470-20, *Debt with Conversion and Other Options* and ASC 815-15, *Embedded Derivatives*, the Company determined that the embedded conversion components of the 3.50% Convertible Note do not require bifurcation and separate accounting. The remaining $44.7 million principal amount of the 3.50% Convertible Notes has been recorded in short-term debt on the consolidated balance sheet as of June 30, 2017.

3.50% Series A Convertible Senior Notes due February 2018

On April 17, 2014, the Company entered into note exchange agreements with certain holders (the "Participating Holders") of the 3.50% Convertible Notes to refinance approximately $70.3 million aggregate principal amount of the 3.50% Convertible Notes with approximately $70.3 million aggregate principal amount of the 3.50% Series A Convertible Notes. Pursuant to the note exchange agreements, the Company also paid the Participating Holders an aggregate of approximately $0.4 million in cash in connection with such transactions. The principal amount of 3.50% Convertible Notes refinanced for each $1,000 principal amount of the 3.50% Series A Convertible Notes was $1,000 and the amount in cash paid per $1,000 principal amount of such 3.50% Convertible Notes delivered was determined in individual negotiations between the Company and each Participating Holder. The Series A Convertible Notes have the same interest rate, maturity and other terms as the 3.50% Convertible Notes, except that the 3.50% Series A Convertible Notes are convertible into cash, shares of the Company's common stock or a combination of cash and shares of common stock, at the Company's option.

The 3.50% Series A Convertible Notes were issued under an Indenture between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee. Holders of the 3.50% Series A Convertible Notes may convert their Securities at any time on or after November 1, 2017 until the

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Notes to Consolidated Financial Statements (Continued)

12. Debt (Continued)

close of business on the business day immediately preceding the maturity date. Prior to November 1, 2017, holders of the 3.50% Series A Convertible Notes may convert their Securities only under the following circumstances: (1) during any calendar quarter after the calendar quarter ending September 30, 2014, and only during such calendar quarter, if the closing sale price of the Company's common stock for each of 20 or more trading days in the 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter exceeds 130% of the conversion price in effect on the last trading day of the immediately preceding calendar quarter; (2) during the five consecutive business days immediately after any five consecutive trading-day period (such five consecutive trading-day period, the "Note Measurement Period") in which the trading price per $1,000 principal amount of 3.50% Series A Convertible Notes for each trading day of that Securities Measurement Period was equal to or less than 98% of the product of the closing sale price of shares of the Company's common stock and the applicable conversion rate for such trading day; or (3) upon the occurrence of specified corporate transactions as described in the Indenture. Upon conversion by holders of the 3.50% Series A Convertible Notes, the Company will have the right to pay or deliver, as the case may be, cash, shares of common stock of the Company or a combination thereof, at the Company's election. At any time on or prior to the 17th business day immediately preceding the maturity date, the Company may irrevocably elect to (a) deliver solely shares of common stock of the Company in respect of the Company's conversion obligation or (b) pay cash up to the aggregate principal amount of the 3.50% Series A Convertible Notes to be converted and pay or deliver, as the case may be, cash, shares of common stock of the Company or a combination thereof in respect of the remainder, if any, of the Company's conversion obligation in excess of the aggregate principal amount of the 3.50% Series A Convertible Notes being converted. The initial conversion rate is 187.6877 shares of the Company's common stock per $1,000 principal amount of 3.50% Series A Convertible Notes (which represents an initial conversion price of approximately $5.33 per share of the Company's common stock). The conversion rate, and thus the conversion price, is subject to adjustment as further described below.

Holders of the 3.50% Series A Convertible Notes who convert their Notes in connection with a "make-whole fundamental change", as defined in the Indenture, may be entitled to a make-whole premium in the form of an increase in the conversion rate. Additionally, in the event of a "fundamental change," as defined in the Indenture, holders of the 3.50% Series A Convertible Notes may require the Company to purchase all or a portion of their 3.50% Convertible Notes at a fundamental change repurchase price equal to 100% of the principal amount of the 3.50% Series A Convertible Notes, plus accrued and unpaid interest, if any, to, but not including, the fundamental change repurchase date.

In accordance with Accounting Standards Codification, or ASC 470-20, *Debt with Conversion and Other Options*, the Company separately accounts for the liability and equity conversion components of the 3.50% Series A Convertible Notes. The principal amount of the liability component of the 3.50% Series A Convertible Notes was $62.5 million as of the date of issuance based on the present value of its cash flows using a discount rate of 7%, our approximate borrowing rate at the date of the issuance for a similar debt instrument without the conversion feature. The carrying value of the equity conversion component was $7.9 million. In addition, the portion of the cash amount paid to the Participating Holders totaling $0.4 million was allocated to the debt discount with the remaining $47,000 to the equity component. The liability component is being accreted to the principal amount of

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

12. Debt (Continued)

the 3.50% Series A Convertible Notes using the effective interest method through the maturity in February 2018.

The following table presents the carrying values of all Convertible Notes and notes issued pursuant to the Revolving Credit Facility (collectively, "Notes") as of June 30, 2017 (in thousands):

	Revolving Loan	3.50% Convertible Notes	3.50% Series A Convertible Notes	Total
Carrying amount of equity conversion component	$ —	$ —	$ 7,844	$ 7,844
Principal amount of the Notes	$ 51,548	$ 44,654	$ 70,346	$ 166,548
Unamortized debt costs	—	(555)	—	(555)
Unamortized debt discount	—	—	(1,422)	(1,422)
Net carrying amount	$ 51,548	$ 44,099	$ 68,924	$ 164,571

As of June 30, 2017, the remaining period over which the unamortized debt discount of the of the 3.50% Series A Convertible Notes is 7 months using an effective interest rate of 7.10%.

A summary of interest expense on the Notes is as follows (in thousands):

	Year ended June 30,		
	2017(1)	2016	2015
Interest expense related to contractual interest coupon	$ 9,465	$ 9,411	$ 7,774
Interest expense related to amortization of debt discount	4,052	6,321	7,241
Interest expense related to amortization of debt issuance costs	3,785	1,728	1,503
Total	$ 17,302	$ 17,460	$ 16,518

(1) Debt issuance costs were higher in fiscal year 2017 due to the repayment of the Secured Loan and the write-off of the related debt issuance costs.

13. Employee Benefit Plan

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 $2.0 million, $2.1 million and $2.3 million to the 401(k) Plan during the years ended June 30, 2017, 2016 and 2015, respectively.

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Notes to Consolidated Financial Statements (Continued)

14. Defined Benefit Pension Obligation

The Company has established a defined pension plan for its employees in its Switzerland subsidiary. The plan provides benefits to employees upon retirement, death or disability. The Company uses June 30 as the year-end measurement date for this plan. The unfunded liability of $2.7 million was recognized in long-term other liabilities in the accompanying balance sheet as of June 30, 2017. Actuarial gain of $0.9 million was recognized in other comprehensive loss in fiscal 2017.

Obligations and Funded Status

The following table presents the funded status of the defined benefit pension plan (in thousands):

	June 30,	
	2017	2016
Change in benefit obligation:		
Benefit obligation—beginning of fiscal year	$ 12,435	$ 8,861
Service cost	1,996	1,903
Interest cost	49	76
Plan participants' contributions	1,945	2,239
Plan amendment	—	(490)
Actuarial (gain) loss	(846)	1,163
Foreign currency changes	265	(347)
Benefit and expense payments	(1,865)	(970)
Benefit obligation—end of fiscal year	$ 13,979	$ 12,435
Change in plan assets:		
Plan assets—beginning of fiscal year	$ 9,572	$ 7,184
Employer contributions	1,283	1,226
Actual return on plan assets	137	176
Plan participants' contributions	1,945	2,239
Foreign currency changes	221	(283)
Benefit and expense payments	(1,865)	(970)
Plan assets—end of fiscal year	$ 11,293	$ 9,572
Funded status	$ (2,686)	$ (2,863)
Amounts recognized within the consolidated balance sheets:		
Assets	$ —	$ —
Long-term other liabilities	(2,686)	(2,863)
Net amount recognized	$ (2,686)	$ (2,863)

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Notes to Consolidated Financial Statements (Continued)

14. Defined Benefit Pension Obligation (Continued)

The following table presents the amounts recognized in accumulated other comprehensive loss (before tax) for the defined benefit pension plan (in thousands):

	June 30,	
	2017	2016
Net loss	$ (2,066)	$ (1,517)
Prior service cost (credit)	949	(549)
Accumulated other comprehensive loss	$ (1,117)	$ (2,066)

The following table presents the projected benefit obligation, accumulated benefit obligation and fair value of plan assets for this defined benefit pension plan where accumulated benefit obligation exceeded the fair value of plan assets (in thousands):

	June 30,	
	2017	2016
Projected benefit obligation	$ 13,979	$ 12,435
Accumulated benefit obligation	$ 11,293	$ 9,572
Fair value of plan assets	$ 11,293	$ 9,572

Components of Net Periodic Benefit Cost and Other Amounts Recognized in Other Comprehensive Loss

The following table shows the components of the Company's net periodic benefit costs and the other amounts recognized in other comprehensive loss, before tax, related to the Company's defined benefit pension plan (in thousands):

	Year ended June 30,		
	2017	2016	2015
Net Periodic Benefit Costs:			
Service cost	$ 1,996	$ 1,903	$ 980
Interest cost	49	76	107
Expected returns on assets	(132)	(102)	(92)
Amortization of prior service cost (credit)	(46)	—	—
Amortization of net loss	114	53	3
Net periodic benefit costs	1,981	1,930	998
Other Amounts Recognized in Other Comprehensive Loss:			
Net (gain) loss arising during the year	(881)	1,093	953
Prior service cost (credit)	46	(491)	—
Amortization of net (gain) loss	(114)	(53)	(3)
Total recognized in other comprehensive loss	(949)	549	950
Total recognized in net periodic benefit costs and other comprehensive loss	$ 1,032	$ 2,479	$ 1,948

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

14. Defined Benefit Pension Obligation (Continued)

The amounts in accumulated other comprehensive loss that are expected to be recognized as components of net periodic benefit cost during fiscal year 2018 related to the Company's defined benefit pension plan are as follows (in thousands):

	2018
Net loss	$ 1,582
Prior service cost (credit)	(429)
Accumulated other comprehensive loss	$ 1,153

Assumptions

The assumptions used to determine net periodic benefit cost and to compute the expected long-term return on assets for the Company's defined benefit pension plan were as follows:

	Fiscal Years		
	2017	2016	2015
Net Periodic Benefit Costs:			
Discount rate	0.70%	0.40%	0.90%
Rate of compensation increase	2.00%	2.00%	2.00%
Expected long-term return on assets	1.40%	1.40%	1.50%

The assumptions used to measure the benefit obligation for the Company's defined benefit pension plan were as follows:

	June 30,	
	2017	2016
Benefit Obligation:		
Discount rate	1.40%	1.40%
Rate of compensation increase	2.00%	2.00%

Estimated Contributions and Future Benefit Payments

The Company made contributions of approximately $1.3 million, $1.2 million and $1.2 million to the defined benefit pension plan during fiscal years 2017, 2016 and 2015 respectively. The Company expects total contributions to the defined benefit pension plan for fiscal year 2018 will be approximately $1.2 million.

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

14. Defined Benefit Pension Obligation (Continued)

Estimated future benefit payments to the defined benefit pension plan at June 30, 2017 were as follows (in thousands):

Year Ending June 30,	Future Benefits
2018	$ 1,048
2019	965
2020	905
2021	858
2022	819
Thereafter	4,283
Total	$ 8,878

Plan Assets

The plan assets are invested in insurance contracts with Swiss Life Foundation BVG (BVG) insurance company based in Zurich, Switzerland at the end of fiscal year 2016 and 2017 and are expected to be invested 100% in insurance contracts in fiscal 2018, which are reinsured by Swiss Life Ltd (SLL). SLL invests the vested pension capital and provides a 100% capital and interest rate guarantee as negotiated by the Company. In 2017, the Company negotiated a guaranteed interest rate of 1.25% for mandatory retirement savings and 0.75% for supplementary retirement savings. The pension plan is entitled to an annual bonus from the SLL comprising the effective savings, risk and cost results. The technical administration and management of the savings account are guaranteed by the SLL on behalf of BVG. Insurance benefits due are paid directly to the entitled persons by the SLL in the name of and for the account of the collective foundation. The Company has committed itself to pay the annual contributions and costs due under the pension fund regulations.

The contract of affiliation between the Company and BVG can be terminated by either side. In the event of a termination, recipients of retirement and survivors' benefits would remain with the collective foundation. The Company commits itself to transfer its active insured members and recipients of disability benefits to the new employee benefits institution, thus releasing BVG from all obligations.

15. Segment Disclosure

The Company has one operating and reporting segment (oncology systems group), which develops, manufactures and markets proprietary medical devices used in radiation therapy for the treatment of cancer patients. The Company's Chief Executive Officer, its Chief Operating Decision Maker, reviews financial information presented on a consolidated basis for purposes of making operating decisions and assessing financial performance. The Company does not assess the performance of its individual product lines on measures of profit or loss, or asset based metrics. Therefore, the information below is presented only for revenues and long-lived tangible assets by geographic areas.

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Notes to Consolidated Financial Statements (Continued)

15. Segment Disclosure (Continued)

Revenues attributed to a country or 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,		
	2017	2016	2015
Americas	$ 151,442	$ 159,517	$ 174,000
Europe, Middle East, India and Africa	104,026	138,877	110,534
Asia Pacific	59,278	62,888	57,618
Japan	68,668	37,518	37,649
Total	$ 383,414	$ 398,800	$ 379,801

Information regarding geographic areas in which the Company has long-lived tangible assets is as follows (in thousands):

	June 30, 2017	June 30, 2016
Americas	$ 18,435	$ 23,842
Europe, Middle East, India and Africa	730	551
Asia Pacific (excluding Japan and India)	1,533	1,342
Japan	2,364	2,143
Total	$ 23,062	$ 27,878

16. Restructuring Charges

As part of the Company's plan to enhance operational performance through productivity initiatives, the Company implemented a re-alignment of its workforce during the fourth quarter of fiscal year 2016. The re-alignment affected approximately 3% of the Company's total workforce. The Company incurred approximately zero, $2.5 million and $1.4 million in restructuring charges in connection with its workforce re-alignment for the years ended June 30, 2017, 2016, and 2015. These restructuring charges are included in cost of goods sold and operating expenses in the consolidated statements of operations. The Company had no accrued restructuring charges in the consolidated balance sheets as of June 30, 2017. As of June 30, 2016, the Company had approximately $2.5 million in accrued restructuring charges included in accrued compensation in the consolidated balance sheets.

Accuray Incorporated

Notes to Consolidated Financial Statements (Continued)

17. Quarterly Financial Data (unaudited)

The following table provides the selected quarterly financial data for fiscal 2017 and 2016 (in thousands, except net income (loss) per share amounts:

	Quarters ended			
	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017
Net revenue	$ 86,506	$ 87,502	$ 97,312	$ 112,094
Gross profit	$ 31,344	$ 31,387	$ 35,425	$ 43,185
Net loss	$ (9,926)	$ (9,369)	$ (5,029)	$ (5,255)
Net loss per share—basic and diluted	$ (0.12)	$ (0.11)	$ (0.06)	$ (0.06)
Shares used in basic and diluted per share calculation	81,576	82,328	82,913	83,179

	Quarters ended			
	September 30, 2015	December 31, 2015	March 31, 2016	June 30, 2016
Net revenue	$ 89,631	$ 108,912	$ 105,284	$ 94,973
Gross profit	$ 33,898	$ 42,571	$ 44,944	$ 37,300
Net income (loss)	$ (13,026)	$ (6,027)	$ 756	$ (7,207)
Net income (loss) per share—basic	$ (0.16)	$ (0.08)	$ 0.01	$ (0.09)
Net income (loss) per share—diluted	$ (0.16)	$ (0.08)	$ 0.01	$ (0.09)
Shares used in basic per share calculation	79,760	80,346	80,860	81,081
Shares used in diluted per share calculation	79,760	80,346	82,071	81,081

18. Subsequent Event

On August 7, 2017, the Company issued $85.0 million aggregate principal amount of 3.75% Convertible Senior Notes consisting of (i) $53.0 million aggregate principal amount of 3.75% Convertible Senior Notes to certain holders of the Company's outstanding Existing 3.50% Convertible Notes (the "Exchange Participants") in exchange for approximately $47.0 million aggregate principal amount of such holders' Existing 3.50% Convertible Notes and (ii) $32.0 million aggregate principal amount of 3.75% Convertible Senior Notes to certain other qualified new investors for cash. The net proceeds of the cash issuance were used to repurchase approximately $28.0 million of additional Existing 3.50% Convertible Notes from the Exchange Participants. Immediately following such transactions, approximately $40.0 million aggregate principal amount of the Existing 3.50% Convertible Notes remained outstanding.

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

None.

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 defined in Rule 13a-15(e) of the Exchange Act) as of June 30, 2017.

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 to provide reasonable assurance that the information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information 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.

(b) Management's Report on Internal Control over Financial Reporting

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 guidelines established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") 2013.

Based on this evaluation, management concluded that our internal control over financial reporting was effective as of June 30, 2017, based upon the guidelines established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") 2013.

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 in Item 8 of this Annual Report on Form 10-K, on the effectiveness of our internal control over financial reporting as of June 30, 2017.

(c) Changes in Internal Control over Financial Reporting

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated any changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2017, and has concluded that there was no change during such quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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.

Item 9B. OTHER INFORMATION

None.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders

Accuray Incorporated

We have audited the internal control over financial reporting of Accuray Incorporated (a Delaware Corporation) and subsidiaries (the "Company") as of June 30, 2017, based on criteria established in the 2013 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 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, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2017, based on criteria established in the 2013 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 consolidated financial statements of the Company as of and for the year ended June 30, 2017, and our report dated August 25, 2017 expressed an unqualified opinion on those financial statements.

/s/ GRANT THORNTON LLP

San Jose, California

August 25, 2017

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors, Executive Officers and Corporate Governance

The information in our 2017 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 2017 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. We intend to disclose future amendments to certain provisions of our codes, or waivers of such provisions granted to executive officers and directors, on our website within four business days following the date of such amendment or waiver. 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 2017 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 2017 Proxy Statement appearing under the heading "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information" is incorporated herein by reference.

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

The information in our 2017 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 ACCOUNTING FEES AND SERVICES

The information in our 2017 Proxy Statement appearing under the headings "Proposal Four—Ratification of Appointment of Independent Registered Public Accounting Firm—Audit and Non-Audit Services" and "Proposal Four—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. **Consolidated Financial Statement Schedules**

The financial statement schedule of the Registrant and its subsidiaries for fiscal years 2017 2016 and 2015 is filed as a part of this report and should be read in conjunction with the Consolidated Financial Statements of the Registrant and its subsidiaries.

All financial statement schedules have been omitted, since the required information is not applicable or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and notes thereto included in this Form 10-K.

3 **Exhibits**

The following exhibits are incorporated by reference or filed herewith.

		Incorporated by Reference					
Exhibit No.	Exhibit Description	Filer (ARAY/ TOMO)	Form	File No.	Exhibit	Filing Date	Furnished or Filed Herewith
3.1	Amended and Restated Certificate of Incorporation of Registrant.	ARAY	8-K	001-33301	3.1	02/06/2013	
3.2	Amended and Restated Bylaws of Registrant.	ARAY	8-K	001-33301	3.1	03/23/2016	
4.1	Indenture by and between Registrant and the Bank of New York Mellon Trust Company, N.A., dated as of August 1, 2011.	ARAY	10-Q	001-33301	10.1	11/08/2011	
4.2	Indenture by and between Registrant and the Bank of New York Mellon Trust Company, N.A., dated as of February 13, 2013.	ARAY	10-Q	001-33301	4.1	05/09/2013	
4.3	Indenture by and between Registrant and the Bank of New York Mellon Trust Company, N.A., dated as of April 24, 2014.	ARAY	8-K	001-33301	4.1	04/25/2014	
4.4	Form of Common Stock Certificate.	ARAY	S-1/A	333-138622	4.3	02/05/2007	

Exhibit No.	Exhibit Description	Incorporated by Reference					Furnished or Filed Herewith
		Filer (ARAY/ TOMO)	Form	File No.	Exhibit	Filing Date	
10.1	Industrial Complex Lease by and between Registrant and MP Caribbean, Inc., dated July 14, 2003, 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.	ARAY	S-1	333-138622	10.1	11/13/2006	
10.2	Third Amendment to Industrial Complex Lease dated January 16, 2007.	ARAY	10-K	001-33301	10.1(a)	09/04/2007	
10.3	Fourth Amendment to Industrial Complex Lease by and between the Registrant and BRCP Caribbean Portfolio, LLC, dated September 18, 2007.	ARAY	10-Q	001-33301	10.3	02/04/2010	
10.4	Fifth Amendment to Industrial Complex Lease by and between the Registrant and BRCP Caribbean Portfolio, LLC, dated April 1, 2008.	ARAY	10-Q	001-33301	10.4	02/04/2010	
10.5	Sixth Amendment to Industrial Complex Lease by and between the Registrant and I & G Caribbean, Inc., dated December 18, 2009.	ARAY	10-Q	001-33301	10.5	02/04/2010	
10.6	Seventh Amendment to Lease by and between the Registrant and DWF III Caribbean, LLC, dated June 20, 2014.	ARAY	8-K	001-33301	10.1	06/24/2014	
10.7	Eighth Amendment to Lease by and between the Registrant and DWF III Caribbean, LLC, dated October 31, 2014.	ARAY	10-Q	011-33301	10.1	02/06/2015	
10.8*	Accuray Incorporated 1998 Equity Incentive Plan and forms of agreements relating thereto.	ARAY	S-1	333-138622	10.4	11/13/2006	
10.9*	Accuray Incorporated 2007 Incentive Award Plan.	ARAY	10-K	001-33301	10.8	09/19/2011	
10.10*	Form of Performance Stock Unit Grant Notice and Performance Stock Unit Agreement.	ARAY	8-K	001-33301	99.2	09/02/2014	
10.11*	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement.	ARAY	8-K	001-33301	99.1	09/02/2014	
10.12*	Form of Stock Option Grant Notice and Stock Option Agreement.	ARAY	8-K	001-33301	99.3	11/23/2011	

Exhibit No.	Exhibit Description	Incorporated by Reference					Furnished or Filed Herewith
		Filer (ARAY/ TOMO)	Form	File No.	Exhibit	Filing Date	
10.13*	Form of Market Stock Unit Grant Notice and Award Agreement.	ARAY	8-K	001-33301	99.1	10/17/2012	
10.14*	Form of 2015 Market Stock Unit Grant Notice and Award Agreement	ARAY	8-K	001-33301	99.3	09/02/2014	
10.15*	Form of 2016 Market Stock Unit Grant Notice and Award Agreement	ARAY	8-K	001-33301	99.1	10/02/2015	
10.16*	Accuray Incorporated 2016 Equity Incentive Plan and forms of award agreements thereunder.	ARAY	8-K	001-33301	10.1	12/6/16	
10.17*	Amended and Restated 2007 Employee Stock Purchase Plan	ARAY	DEF14A	001-33301	Appendix B	10/7/16	
10.18*	Accuray Incorporated Performance Bonus Plan, as amended on September 29, 2015.	ARAY	10-Q	001-33301	10.5	11/05/2015	
10.19*	Performance Bonus Plan	ARAY	DEF14A	001-33301	Appendix C	10/7/16	
10.20*	TomoTherapy Incorporated 2000 Stock Option Plan, as amended, and forms of option agreements thereunder.	ARAY	S-8	333-174952	99.1	06/17/2011	
10.21*	TomoTherapy Incorporated 2002 Stock Option Plan, as amended, and forms of option agreements thereunder.	ARAY	S-8	333-174952	99.2	06/17/2011	
10.22*	TomoTherapy Incorporated 2007 Equity Incentive Plan, as amended, and forms of option agreements thereunder.	ARAY	S-8	333-174952	99.3	06/17/2011	
10.23*	Form of Indemnification Agreement by and between Registrant and each of its directors and executive officers.	ARAY	10-Q	001-33301	10.7	05/10/2011	
10.24‡	Nonexclusive End-User Software License Agreement by and between Registrant and The Regents of the University of California, dated September 9, 2005.	ARAY	S-1	333-138622	10.18	11/13/2006	
10.25‡	License Agreement by and between Registrant and The Board of Trustees of the Leland Stanford Junior University, effective as of July 9, 1997.	ARAY	S-1	333-138622	10.19	11/13/2006	

Exhibit No.	Exhibit Description	Incorporated by Reference					Furnished or Filed Herewith
		Filer (ARAY/ TOMO)	Form	File No.	Exhibit	Filing Date	
10.26	Development and OEM Supply Agreement by and between TomoTherapy Incorporated and Analogic Corporation, dated January 27, 2003.	TOMO	S-1/A	333-140600	10.11	04/16/2007	
10.27*	Renewal Executive Employment Agreement by and between the Registrant and Joshua H. Levine, dated January 1, 2017.	ARAY	10-Q	001-33301	10.1	05/05/2017	
10.28*	Renewal Executive Employment Agreement by and between the Registrant and Kelly Londy, dated January 1, 2017.	ARAY	10-Q	001-33301	10.2	05/05/2017	
10.29*	Separation Agreement and General Release by and between the Registrant and Kelly Londy, dated July 15, 2017	—	—	—	—	—	X
10.30*	Renewal Executive Employment Agreement by and between the Registrant and Alaleh Nouri, dated January 1, 2017.	ARAY	10-Q	001-33301	10.4	05/05/2017	
10.31*	Renewal Executive Employment Agreement by and between Registrant and Kevin Waters, dated January 1, 2017	ARAY	10-Q	001-33301	10.3	05/05/2017	
10.32*	Renewal Executive Employment Agreement by and between Registrant and Andrew J. Kirkpatrick, dated January 1, 2017	—	—	—	—	—	X
10.33*	Executive Employment Agreement by and between Accuray International Sarl and Lionel Hadjadjeba, dated May 18, 2017	—	—	—	—	—	X
10.34‡	Financing Agreement by and among Registrant, certain subsidiaries of the Registrant, the lenders from time to time party thereto, and Cerberus Business Finance, LLC, as collateral agent and administrative agent for the lenders dated January 11, 2016.	ARAY	10-Q	001-33301	10.1	04/29/2016	
10.35	Amendment No. 1 to Financing Agreement by and among the Registrant, certain subsidiaries of the Registrant, the lenders from time to time party thereto, and Cerberus Business Finance, LLC, as collateral agent and administrative agent for the lenders, dated November 4, 2016.	ARAY	10-Q	001-33301	10.1	02/03/2017	

Exhibit No.	Exhibit Description	Incorporated by Reference					Furnished or Filed Herewith
		Filer (ARAY/ TOMO)	Form	File No.	Exhibit	Filing Date	
10.36	Amendment No. 2 to Financing Agreement by and among the Registrant, certain subsidiaries of the Registrant, the lenders from time to time party thereto, and Cerberus Business Finance, LLC, as collateral agent and administrative agent for the lenders, dated March 10, 2017.	ARAY	10-Q	001-33301	10.5	05/05/2017	
10.37‡	Credit and Security Agreement by and among the Registrant, TomoTherapy Incorporated, any additional borrowers that may be added thereto, MidCap Financial Trust, individually as a lender and as agent, and the other lenders from time to time parties thereto, dated June 14, 2017	—	—	—	—	—	X
10.38	Form of Note Exchange Agreement.	ARAY	8-K	001-33301	10.1	04/18/2014	
21.1	List of subsidiaries.						X
23.1	Consent of Grant Thornton LLP, independent registered public accounting firm.						X
24.1	Power of Attorney (incorporated by reference to the signature page of this annual report on Form 10-K).						X
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.						X
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.						X
32.1	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.						X
101.INS	XBRL Instance Document						X
101.SCH	XBRL Taxonomy Extension Schema Document						X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document						X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document						X

Exhibit No.	Exhibit Description	Incorporated by Reference					Furnished or Filed Herewith
		Filer (ARAY/ TOMO)	Form	File No.	Exhibit	Filing Date	
101.LAB	XBRL Taxonomy Extension Label Linkbase Document						X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document						X

* 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.

The certification attached as Exhibit 32.1 that accompanies this Annual Report on Form 10-K is not deemed filed with the Securities and Exchange Commission and is 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. 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 25th day of August 2017.

ACCURAY INCORPORATED

By: /s/ JOSHUA H. LEVINE

Joshua H. Levine
President and Chief Executive Officer

By: /s/ KEVIN M. WATERS

Kevin M. Waters
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 Joshua H. Levine and Kevin M. Waters, 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/ JOSHUA H. LEVINE Joshua H. Levine	President and Chief Executive Officer and Director (Principal Executive Officer)	August 25, 2017
/s/ KEVIN M. WATERS Kevin M. Waters	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	August 25, 2017
Louis J. Lavigne, Jr.	Chairperson of the Board and Director	August 25, 2017

Signature	Title	Date
/s/ ELIZABETH DÁVILA Elizabeth Dávila	Vice Chairperson of the Board and Director	August 25, 2017
/s/ JACK GOLDSTEIN, PH.D. Jack Goldstein, Ph.D.	Director	August 25, 2017
/s/ RICHARD R. PETTINGILL Richard R. Pettingill	Director	August 25, 2017
/s/ ROBERT S. WEISS Robert S. Weiss	Director	August 25, 2017
Dennis Winger	Director	August 25, 2017

SEPARATION AGREEMENT AND GENERAL RELEASE

This Separation Agreement and General Release (this "Agreement") is hereby entered into by and between Kelly Londy, an individual ("Executive"), and Accuray Incorporated, a Delaware corporation, on behalf of itself and all of its subsidiaries (collectively, the "Company").

Recitals

A. Executive has been employed by the Company pursuant to an employment agreement by and between the Company and Executive effective as of January 1, 2017 (the "Employment Agreement"), and currently is serving as Executive Vice President, Chief Operating Officer;

B. Executive's employment with the Company and any of its parents, direct or indirect subsidiaries, affiliates, divisions, or related entities (collectively referred to herein as the "Company and its Related Entities") will be ended on the terms and conditions set forth in this Agreement.

Agreement

In consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

1. Effective Date. Except as otherwise provided herein, this Agreement shall be effective on the eighth day after it has been executed by both of the parties (the "Effective Date").

2. End of Employment and Service as a Director. Executive's employment with the Company and its Related Entities has ended or will end effective as of 5:00pm Pacific Time, on July 5, 2017 (the "Termination Date"). If Executive is an officer or a member of the Board of Directors of the Company and/or its Related Entities (the "Board") Executive hereby voluntarily resigns from any such officer positions and the Board, effective July 5, 2017.

3. Continuation of Benefits After the Termination Date. Except as expressly provided in this Agreement or in the plan documents governing the Company's employee benefit plans, after the Termination Date, Executive will no longer be eligible for, receive, accrue, or participate in any other benefits or benefit plans provided by the Company and its Related Entities, including, without limitation, medical, dental and life insurance benefits, and the Company's 401(k) retirement plan; provided, however, that nothing in this Agreement shall waive Executive's right to any vested benefits, including vested amounts in the Company's 401(k) retirement plan, which amounts shall be handled as provided in the plan.

4. Payments Upon Termination. Executive will be entitled to receive payment or consideration as follows: (i) all earned but unpaid compensation (including accrued unpaid vacation) through the effective date of termination, payable on or before the termination date; (ii) ability to retain Executive's Company issued laptop and iPad; provided that Executive (a) provides such laptop and iPad to the Company so that the Company may remove any Proprietary Information as well as any software licensed to the Company and (b) abides by Executive's confidentiality obligations herein and in the Employment Agreement, and (iii) reimbursement, made in accordance with Section 4(e) of the Employment Agreement, of any monies advanced or incurred by Executive in connection with his/her employment for reasonable and necessary Company-related expenses incurred on or before the

Termination Date. The provisions of this Agreement shall not waive or terminate any rights to compensation or vested benefits under the Company's benefits plans or as required by law, or to indemnification Executive may have under the Company's Certificate of Incorporation, Bylaws or separate indemnification agreement, as applicable.

5. Severance Benefits or Enhanced Severance Benefits. In return for Executive's promises in this Agreement, the Company will provide Executive with the Severance Benefits or Enhanced Severance Benefits as defined in Sections 5(a) and 5(e) of the Employment Agreement and as applicable based on the nature of the termination, subject to the terms and conditions set forth in the Employment Agreement, including, but not limited to, Section 16 thereof. The Severance Benefits or Enhanced Severance Benefits will be paid as specified in Section 5(a) or Section 5(e) of the Employment Agreement, as applicable and shall be subject to required withholdings and authorized deductions and to Section 21 below. Notwithstanding the foregoing, Executive and the Company agree that:

(i) (a) the Severance Benefit set forth in Section 5(a)(v) of the Employment Agreement (the "Severance Bonus") and (b) the Enhanced Severance Benefit set forth in Section 5(e)(iv) of the Employment Agreement (the "Enhanced Severance Bonus"), in the event that the Enhanced Severance Bonus becomes payable in lieu of the Severance Bonus, will be calculated using Executive's fiscal 2017 bonus in lieu Executive's fiscal 2018 bonus (notwithstanding the fact that Executive was terminated as an employee in fiscal 2018); and

(ii) in lieu of the Severance Benefit set forth in Section 5(a)(vi) of the Employment Agreement, the Company agrees to pay Executive, and Executive agrees to accept from the Company, concurrently with the Severance Payment, the gross amount of $9,425.70 (the "COBRA Payment"), subject to applicable taxes and withholding, which the Company and Executive agree represents a reasonable estimate of the amount of insurance premiums Executive would need to pay to retain group health coverage for Executive and Executive's eligible dependents pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1986 ("COBRA") for six (6) months. In the event that the actual amount paid by Executive to obtain COBRA coverage is less than the COBRA Payment, Executive shall have no obligation to provide a refund to the Company. In the event that the actual amount paid by Executive to obtain COBRA coverage is more than the COBRA Payment, the Company shall have no obligation to provide any additional payment to Executive.

6. Effect of Revocation or Subsequent Employment.

(a) If Executive properly revokes this Agreement in accordance with Section 13 below, Executive shall not be entitled to receive the payments and benefits under Section 5, above, except that Executive's rights under COBRA will continue (but not, for purposes of clarity, the right to be reimbursed for COBRA premiums or receive any COBRA Substitute Payments (as defined in the Employment Agreement)).

(b) The Company's obligation to reimburse premiums for insurance coverage under COBRA or otherwise will be extinguished as of the date Executive's coverage begins under the group health plan of any new employer. If Executive violates the restrictions in Section 17, below, the Company's obligation to pay premiums for insurance under COBRA or otherwise will be immediately extinguished, and the other remedies specified in Section 17, below, shall apply.

7. Acknowledgement of Total Compensation and Indebtedness. Executive acknowledges and agrees that the cash payments under Sections 4 and 5 of this Agreement extinguish any and all obligations for monies, or other compensation or benefits that Executive claims or could claim to have earned or claims or could claim is owed to him/her as a result of his/her employment by the

Company and its Related Entities through the Termination Date, under the Employment Agreement or otherwise. Notwithstanding the foregoing, the parties acknowledge and agree that the provisions of this Section 7 shall not terminate any rights Executive has under Section 3 of this Agreement or to other payments Executive may have, and to any indemnification Executive may have under the Company's Bylaws or separate indemnification agreement, as applicable.

8. Status of Related Agreements and Future Employment. The parties agree that the Employment Agreement shall be terminated as of the Termination Date. Notwithstanding the termination of the Employment Agreement, the parties hereto acknowledge that certain rights and obligations set forth in the Employment Agreement extend beyond the Termination Date. In the event that any provision of this Agreement conflicts with Section 6 of the Employment Agreement, the terms and provisions of the section(s) providing the greatest protection to the Company and its Related Entities shall control.

9. Release by Executive.

(a) Except for any obligations or covenants of the Company pursuant to this Agreement and as otherwise expressly provided in this Agreement, Executive, for himself/herself and his/her heirs, executors, administrators, assigns, successors and agents (collectively, the "Executive's Affiliates") hereby fully and without limitation releases and forever discharges the Company and its Related Entities, and each of their respective agents, representatives, stockholders, owners, officers, directors, employees, consultants, attorneys, auditors, accountants, investigators, affiliates, successors and assigns (collectively, the "Company Releasees"), both individually and collectively, from any and all waivable rights, claims, demands, liabilities, actions, causes of action, damages, losses, costs, expenses and compensation, of whatever nature whatsoever, known or unknown, fixed or contingent, which Executive or any of Executive's Affiliates has or may have or may claim to have against the Company Releasees by reason of any matter, cause, or thing whatsoever, from the beginning of time to the Effective Date ("Claims"), arising out of, based upon, or relating to his/her employment or the termination of his/her employment with the Company and its Related Entities and/or his/her service as an officer of any of the Company Releasees, any agreement or compensation arrangement between Executive and any of the Company Releasees, to the maximum extent permitted by law.

(b) Executive specifically and expressly releases any Claims arising out of or based on: the California Fair Employment and Housing Act, Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the National Labor Relations Act and the Equal Pay Act, as the same may be amended from time to time; the California common law on fraud, misrepresentation, negligence, defamation, infliction of emotional distress or other tort, breach of contract or covenant, violation of public policy or wrongful termination; state or federal wage and hour laws, and other provisions of the California Labor Code, to the extent these may be released herein as a matter of law; or any other state or federal law, rule, or regulation dealing with the employment relationship, except those claims which may not be released herein as a matter of law.

(c) Nothing contained in this Section 9 or any other provision of this Agreement shall release or waive any right that Executive has to indemnification and/or reimbursement of expenses by the Company and its Related Entities with respect to which Executive may be eligible as provided in California Labor Code section 2802, the Company's and its Related Entities' Certificates of Incorporation, Bylaws and any applicable directors and officers, errors & omissions, umbrella or general liability insurance policies, any indemnification agreements, including the Employment Agreement; or any other applicable source, nor prevent Executive from cooperating in an investigation of the Company by the Equal Employment Opportunity Commission ("EEOC").

10. Waiver of Civil Code Section 1542.

(a) Executive understands and agrees that the release provided herein extends to all Claims released above whether known or unknown, suspected or unsuspected, which may be released as a matter of law. Executive expressly waives and relinquishes any and all rights he/she may have under California Civil Code section 1542, which provides as follows:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

(b) Executive expressly waives and releases any rights and benefits which he/she has or may have under any similar law or rule of any other jurisdiction. It is the intention of each party through this Agreement to fully, finally and forever settle and release the Claims as set forth above. In furtherance of such intention, the release herein given shall be and remain in effect as a full and complete release of such matters notwithstanding the discovery of any additional Claims or facts relating thereto.

11. Release of Federal Age Discrimination Claims by Executive. Executive hereby knowingly and voluntarily waives and releases all rights and claims, known or unknown, arising under the Age Discrimination In Employment Act of 1967, as amended, which he/she might otherwise have had against the Company or any of the Company Releasees regarding any actions which occurred prior to the date that Executive signed this Agreement, except that Executive is not prevented from cooperating in an investigation by the EEOC or from filing an EEOC charge other than for personal relief.

12. Release by Company and its Related Entities. The Company and its Related Entities hereby release and forever discharge Executive, from any and all waivable actions, causes of action, covenants, contracts, claims and demands of whatever character, nature and kind, whether known or unknown, which the Company and its Related Entities ever had, now have, or any of them hereafter can, shall or may have by reason of Executive's employment and/or his/her service as a director and/or officer of the Company and/or its Related Entities; provided, however, that this general release shall not apply, or be deemed or construed to apply, to (a) any of Executive's continuing obligations pursuant to this Agreement or the Employment Agreement, (b) criminal conduct or acts or omissions constituting willful misconduct or gross negligence by Executive during his/her employment with the Company, or (c) recoupment of all or a portion of any previously awarded bonus or equity award pursuant to the Company's Recoupment (Clawback) Policy that was in effect when the bonus was paid or the equity award vested or was exercised by Executive, whichever was later.

13. Review and Revocation Rights. Executive hereby is advised of the following:

(a) Executive has the right to consult with an attorney before signing this Agreement and is encouraged by the Company to do so;

(b) Executive has twenty-one (21) days from his/her receipt of this Agreement to consider it; and

(c) Executive has seven (7) days after signing this Agreement to revoke this Agreement, and this Agreement will not be effective until that revocation period has expired without revocation. Executive agrees that in order to exercise his/her right to revoke this Agreement within such

seven (7) day period, he/she must do so in a signed writing delivered to the Company's Board before the close of business on the seventh calendar day after he/she signs this Agreement.

14. Confidentiality of Agreement. After the execution of this Agreement by Executive, neither Executive, his/her attorney, nor any person acting by, through, under or in concert with them, shall disclose any of the terms of or amount paid under this Agreement (other than to state that the Company has filed this Agreement and/or agreements related thereto as public documents) or the negotiation thereof to any individual or entity; provided, however, that the foregoing shall not prevent such disclosures by Executive to his/her attorney, tax advisors and/or immediate family members, as may be required by law, or in connection with Protected Activity (as defined in the Employment Agreement).

15. No Filings. Executive represents that he/she has not filed any lawsuits, claims, charges or complaints, which are pending as of the date hereof, against the Company Releasees with any local, state or federal agency or court from the beginning of time to the date of execution of this Agreement, and that Executive is not aware of any facts that would support any Claims or any compliance-related or code of ethics violations of any kind whatsoever against the Company Releasees, including without limitation any claims for any work-related injuries. If Executive hereafter commences, joins in, or in any manner seeks relief through any suit arising out of, based upon, or relating to any of the Claims released in this Agreement, or in any manner asserts against the Company Releasees any of the Claims released in this Agreement, then Executive agrees to pay to the Company Releasees against whom such Claim(s) is asserted, in addition to any other damages caused thereby, all attorneys' fees incurred by the Company Releasees in defending or otherwise responding to the suit or Claim; provided, however, that this provision shall not obligate Executive to pay the Company Releasees' attorneys' fees in any action challenging the release of claims under the Older Workers Benefit Protection Act or the ADEA, unless otherwise allowed by law. If any governmental agency or court ever assumes jurisdiction over any such lawsuit, claim, charge or complaint and/or purports to bring any legal proceeding, in whole or in part, on behalf of Executive based upon events occurring prior to the execution of this Agreement, Executive will request such agency or court to withdraw from and/or to dismiss the lawsuit, claim, charge or complaint with prejudice.

16. Confidential and Proprietary Information. Executive acknowledges that certain information, observations and data obtained by him/her during the course of or related to his/her employment with the Company and its Related Entities (including, without limitation, projection programs, business plans, business matrix programs (*i.e.*, measurement of business), strategic financial projections, certain financial information, shareholder information, technology and product design information, marketing plans or proposals, personnel information, customer lists and other customer information) are the sole property of the Company and its Related Entities and constitute Proprietary Information as defined in Section 6 of the Employment Agreement. Executive represents and warrants that he/she has returned all files, customer lists, financial information and other property of the Company and its Related Entities that were in Executive's possession or control without retaining copies thereof (other than a copy of the Employee Handbook and personnel records relating to Executive's employment). Executive further represents and warrants that he/she does not have in his/her possession or control any files, customer lists, financial information or other property of the Company and its Related Entities. In addition to his/her promises in Section 6 of the Employment Agreement, Executive agrees that he/she will not disclose to any person or use any such information, observations or data without the written consent of the Board. If Executive is served with a deposition subpoena or other legal process calling for the disclosure of such information, or if he/she is contacted by any third person requesting such information, he/she will notify the Board as soon as is reasonably practicable after receiving notice and will reasonably cooperate with the Company and its Related Entities in minimizing the disclosure thereof; provided, that nothing in this Agreement will (i) affect Executive's obligations to testify truthfully in

response to any subpoena or other legally required discovery proceeding or (ii) in any way limit or prohibit Executive from engaging in Protected Activity.

17. Prohibited Activities.

(a) Non-Solicitation of Customers and Other Business Partners. Executive recognizes that by virtue of his/her employment with the Company, he/she will be introduced to and involved in the solicitation and servicing of existing customers and other business partners of the Company and new customers and business partners obtained by the Company during his/her employment. Executive understands and agrees that all efforts expended in soliciting and servicing such customers and business partners shall be for the benefit of the Company. Executive further agrees that during his/her employment with the Company he/she will not engage in any conduct which could in any way jeopardize or disturb any of the customer and business partner relationships of the Company. In addition, to the extent permitted under applicable law, Executive agrees that, for a period beginning on the Effective Date and ending twelve (12) months after termination of Executive's employment with the Company, regardless of the reason for such termination, Executive shall not use any Proprietary Information to, directly or indirectly, solicit, direct, interfere with, or entice away from the Company any existing customer, licensee, licensor, vendor, contractor or distributor of the Company or for the customer or other business partner to expand its business with a competitor, without the prior written consent of the Board.

(b) Non-Solicitation of Employees. Executive recognizes the substantial expenditure of time and effort which the Company devotes to the recruitment, hiring, orientation, training and retention of its employees. Accordingly, Executive agrees that, for a period beginning on the Effective Date and ending twelve (12) months after termination of Executive's employment with the Company, regardless of the reason for such termination, Executive shall not use any Proprietary Information, directly or indirectly, for himself/herself or on behalf of any other person or entity, to solicit, offer employment to, hire or otherwise retain the services of any employee of the Company in a position classified as exempt from overtime pay requirements. For purposes of the foregoing, "employee of the Company" shall include any person who was an employee of the Company at any time within six (6) months prior to the prohibited conduct.

(c) Scope of Restrictions. Executive agrees that the restrictions in Sections 17 (a) and (b), above, are reasonable and necessary to protect the Company's trade secrets and that they do not foreclose Executive from working in the medical device industry generally. To the extent that any of the provisions in this Section 17 are held to be overly broad or otherwise unenforceable at the time enforcement is sought, Executive agrees that the provision shall be reformed and enforced to the greatest extent permissible by law. Executive further agrees that if any portion of this Section 17 is held to be unenforceable, that the remaining provisions of it shall be enforced as written.

18. Remedies. Executive acknowledges that any misuse of Proprietary Information belonging to the Company and its Related Entities, or any violation of Section 6 of the Employment Agreement, and any violation of Sections 14, 16 and 17 of this Agreement, will result in irreparable harm to the Company and its Related Entities, and therefore, the Company and its Related Entities shall, in addition to any other remedies, be entitled to immediate injunctive relief. To the extent there is any conflict between Section 6 of the Employment Agreement and this Section 18, the provision providing the greatest protection to the Company and its Related Entities shall control. In addition, in the event of a breach of any provision of this Agreement by Executive, including Sections 14, 16 and 17, Executive shall forfeit, and the Company and its Related Entities may withhold payment of any unpaid portion of, the Severance Benefits or Enhanced Severance Benefits provided under Section 5, above.

19. Cooperation Clause.

(a) To facilitate the orderly conduct of the Company and its Related Entities' businesses, for the twelve (12)-month period following the Effective Date, Executive agrees to cooperate, at no charge, with the Company and its Related Entities' reasonable requests for information or assistance related to the time of his/her employment.

(b) For the twelve (12)-month period following the Effective Date, Executive agrees to cooperate, at no charge, with the Company's and its Related Entities' and its or their counsel's reasonable requests for information or assistance related to (i) any investigations (including internal investigations) and audits of the Company's and its Related Entities' management's current and past conduct and business and accounting practices and (ii) the Company's and its Related Entities' defense of, or other participation in, any administrative, judicial, or other proceeding arising from any charge, complaint or other action which has been or may be filed relating to the period during which Executive was employed by the Company and its Related Entities. The Company will promptly reimburse Executive for his/her reasonable, customary and documented out-of-pocket business expenses in connection with the performance of his/her duties under this Section 19. Except as required by law or authorized in advance by the Board of Directors of the Company, Executive will not communicate, directly or indirectly, with any third party other than Executive's legal counsel, including any person or representative of any group of people or entity who is suing or has indicated that a legal action against the Company and its Related Entities or any of their directors or officers is being contemplated, concerning the management or governance of the Company and its Related Entities, the operations of the Company and its Related Entities, the legal positions taken by the Company and its Related Entities, or the financial status of the Company and its Related Entities. If asked about any such individuals or matters, Executive shall say: "I have no comment," and shall direct the inquirer to the Company. Executive acknowledges that any violation of this Section 19 will result in irreparable harm to the Company and its Related Entities and will give rise to an immediate action by the Company and its Related Entities for injunctive relief.

20. No Future Employment. Executive understands that his/her employment with the Company and its Related Entities will irrevocably end as of the Termination Date and will not be resumed at any time in the future. Executive agrees that he/she will not apply for, seek or accept employment by the Company and its Related Entities at any time, unless invited to do so by the Company and its Related Entities.

21. Tax Issues. The parties agree that the payments and benefits provided under this Agreement, and all other contracts, arrangements or programs that apply to him/her, shall be subject to Section 16 of the Employment Agreement.

22. **Non-disparagement**. Executive agrees not to criticize, denigrate, or otherwise disparage the Company and its Related Entities, or any of their directors, officers, products, processes, experiments, policies, practices, standards of business conduct, or areas or techniques of research. The Company agrees not to authorize or condone denigrating or disparaging statements about Executive to any third party, including by press release or other formally released announcement. Factually accurate statements in legal or public filings shall not violate this provision. In addition, nothing in this Section 22 shall prohibit Executive or the Company or the Board, or any of their employees or members from complying with any lawful subpoena or court order or taking any other actions affirmatively authorized by law.

23. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California, without giving effect to principles of conflict of laws.

24. **Dispute Resolution.** The parties hereby agree that all disputes, claims or controversies arising from or otherwise in connection with this Agreement (except for injunctive relief sought by either

party) between them and between Executive and any of the Company's affiliated entities and the successor of all such entities, and any director, stockholder or employee of the Company will be resolved in accordance with Section 13 of the Employment Agreement, except for its attorneys' fee provision.

25. **Attorneys' Fees.** Except as otherwise provided herein, in any action, litigation or proceeding between the parties arising out of or in relation to this Agreement, including any purported breach of this Agreement, the prevailing party shall be entitled to an award of its costs and expenses, including reasonable attorneys' fees.

26. **Non-Admission of Liability.** The parties understand and agree that neither the payment of any sum of money nor the execution of this Agreement by the parties will constitute or be construed as an admission of any wrongdoing or liability whatsoever by any party.

27. **Severability.** If any one or more of the provisions contained herein (or parts thereof), or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity and enforceability of any such provision in every other respect and of the remaining provisions hereof will not be in any way impaired or affected, it being intended that all of the rights and privileges shall be enforceable to the fullest extent permitted by law.

28. **Entire Agreement.** This Agreement represents the sole and entire agreement among the parties and, except as expressly stated herein, supersedes all prior agreements, negotiations and discussions among the parties with respect to the subject matters contained herein.

29. **Waiver.** No waiver by any party hereto at any time of any breach of, or compliance with, any condition or provision of this Agreement to be performed by any other party hereto may be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time.

30. **Amendment.** This Agreement may be modified or amended only if such modification or amendment is agreed to in writing and signed by duly authorized representatives of the parties hereto, which writing expressly states the intent of the parties to modify this Agreement.

31. **Counterparts.** This Agreement may be executed in counterparts, each of which will be deemed to be an original as against any party that has signed it, but both of which together will constitute one and the same instrument.

32. **Assignment.** This Agreement inures to the benefit of and is binding upon the Company and its successors and assigns, but Executive's rights under this Agreement are not assignable, except to his/her estate.

33. **Notice.** All notices, requests, demands, claims and other communications hereunder shall be in writing and shall be deemed to have been duly given (a) if personally delivered or delivered by overnight courier; (b) if sent by electronic mail, telecopy or facsimile (except for legal process); or (c) if mailed by overnight or by first class, United States certified or registered mail, postage prepaid, return receipt requested, and properly addressed as follows:

If to the Company: Accuray Incorporated
1310 Chesapeake Terrace
Sunnyvale, California 94089
Attn: Board of Directors
c/o Corporate Secretary
Fax No. (408) 789-4205

If to Executive: Address: most recent on file with the Company
Email: most recent on file with the Company

Such addresses may be changed, from time to time, by means of a notice given in the manner provided above. Notice will conclusively be deemed to have been given when personally delivered (including, but not limited to, by messenger or courier); or if given by mail, on the third business day after being sent by first class, United States certified or registered mail; or if given by Federal Express or other similar overnight service, on the date of delivery; or if

given by electronic mail, telecopy or facsimile machine during normal business hours on a business day, when confirmation of transmission is indicated by the sender's machine; or if given by electronic mail, telecopy or facsimile machine at any time other than during normal business hours on a business day, the first business day following when confirmation of transmission is indicated by the sender's machine. Unless otherwise agreed, notices, requests, demands and other communications delivered to legal counsel of any party hereto, whether or not such counsel shall consist of in-house or outside counsel, shall not constitute duly given notice to any party hereto.

34. Miscellaneous Provisions.

(a) The parties represent that they have read this Agreement and fully understand all of its terms; that they have conferred with their attorneys, or have knowingly and voluntarily chosen not to confer with their attorneys about this Agreement; that they have executed this Agreement without coercion or duress of any kind; and that they understand any rights that they have or may have, and they are signing this Agreement with full knowledge of any such rights.

(b) Both parties have participated in the drafting of this Agreement with the assistance of counsel to the extent they desired. The language in all parts of this Agreement must be in all cases construed simply according to its fair meaning and not strictly for or against any party. Whenever the context requires, all words used in the singular must be construed to have been used in the plural, and vice versa, and each gender must include any other gender. The captions of the Sections of this Agreement are for convenience only and must not affect the construction or interpretation of any of the provision herein.

(c) Each provision of this Agreement to be performed by a party hereto is both a covenant and condition, and is a material consideration for the other party's performance hereunder, and any breach thereof by the party will be a material default hereunder. All rights, remedies, undertakings, obligations, options, covenants, conditions and agreements contained in this Agreement are cumulative and no one of them is exclusive of any other. Time is of the essence in the performance of this Agreement.

(d) Each party acknowledges that no representation, statement or promise made by any other party, or by the agent or attorney of any other party, except for those in this Agreement, has been relied on by him/her or it in entering into this Agreement.

(e) Unless expressly set forth otherwise, all references herein to a "day" are deemed to be a reference to a calendar day. All references to "business day" mean any day of the year other than a

Saturday, Sunday or a public or bank holiday in Orange County, California. Unless expressly stated otherwise, cross-references herein refer to provisions within this Agreement and are not references to any other document.

(f) Each party to this Agreement will cooperate fully in the execution of any and all other documents and in the completion of any additional actions that may be necessary or appropriate to give full force and effect to the terms and intent of this Agreement.

EACH OF THE PARTIES ACKNOWLEDGES THAT HE/SHE/IT HAS READ THIS AGREEMENT, UNDERSTANDS IT AND IS VOLUNTARILY ENTERING INTO IT, AND THAT IT INCLUDES A WAIVER OF THE RIGHT TO A TRIAL BY JURY, AND, WITH RESPECT TO EXECUTIVE, HE/SHE UNDERSTANDS THAT THIS AGREEMENT INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.

(*Signature page follows*)

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the dates written below.

EXECUTIVE: /s/ Kelly Londy

Date: July 6, 2017

COMPANY: Accuray Incorporated

By: /s/ Joshua H. Levine
Name: Joshua H. Levine
Title: President and Chief Executive Officer

Date: July 15, 2017

RENEWAL EXECUTIVE EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is entered into and effective as of January 1, 2017 ("Effective Date"), by and between Accuray Incorporated, a Delaware corporation (the "Company"), and Andrew J. Kirkpatrick ("Executive").

RECITALS

A. The Company is in the business of developing, manufacturing and selling radiation oncology, including radio surgery and radiation therapy, technologies and devices (the "Business").

B. The Company wishes to employ Executive to serve as Senior Vice President, Global Operations and Corporate Development, and Executive desires to serve the Company in such capacity pursuant to the terms and conditions in this Agreement.

C. As of the Effective Date, Executive has commenced full-time employment with the Company.

NOW, THEREFORE, the parties agree as follows:

1. Position and Duties.

(a) During the term of this Agreement, Executive will be employed by the Company to serve as Senior Vice President, Global Operations and Corporate Development of the Company, reporting to the Chief Executive Officer of the Company. Executive will be responsible for: (i) performing the duties and responsibilities customarily expected to be performed by such position and (ii) performing such other duties and functions as are reasonably required and/or as may be reasonably prescribed by the Company from time to time.

(b) The location of Executive's employment will be the Company's offices at Madison, Wisconsin, but (a) Executive from time to time may be required to travel to other geographic locations in connection with the performance of his/her duties and (b) Executive may work remotely in accordance with mutually agreed upon arrangements with the Company.

2. Standards of Performance. Executive will at all times faithfully, industriously and to the best of his/her ability, experience and talents perform all of the duties required of and from him/her pursuant to the terms of this Agreement. Executive will devote his/her full business energies and abilities and all of his/her business time to the performance of his/her duties hereunder and will not, without the Company's prior written consent, render to others any service of any kind (whether or not for compensation) that, in the Company's sole but reasonable judgment, would interfere with the full performance of his/her duties hereunder. Notwithstanding the foregoing, Executive is permitted to spend reasonable amounts of time to manage his/her personal financial and legal affairs and, with the Company's consent which will not be unreasonably withheld, to serve on one civic, charitable, not-for-profit, industry or corporate board or advisory committee, provided that such activities, individually and collectively, do not materially interfere with the performance of Executive's duties hereunder. In no event will Executive engage in any activities that could reasonably create a conflict of interest or the appearance of a conflict of interest. Executive shall be subject to the Company's policies, procedures and approval practices, as generally in effect from time to time.

3. Term.

(a) Term of Agreement. This Agreement will have an initial term of three (3) years commencing on the Effective Date (the "Initial Term"). On the third anniversary of the Effective Date, this Agreement will renew automatically for additional three (3) year terms (each, an "Additional Term" and together with the Initial Term, the "Term"), unless either party provides the other party with written notice of non-renewal at least sixty (60) days prior to the date of automatic renewal; provided, however, that if the Company enters into a definitive agreement to be acquired and the transactions contemplated thereby would result in the occurrence of a Change in Control (as defined below) if consummated, then the Company will no longer be permitted to provide Executive with written notice to not renew this Agreement unless such definitive agreement is terminated without the Change in Control being consummated. If the Change in Control is consummated, the Agreement will continue in effect through the longer of the date that is twelve (12) months following the effective date of the Change in Control or the remainder of the Term then in effect (for purposes of clarification, it will be possible for the Term of the Agreement to automatically extend after the Company enters into the definitive agreement, but before the Change in Control is consummated). If the definitive agreement is terminated without the transactions contemplated thereby having been consummated and at the time of such termination there is at least twelve (12) months remaining in the Term, the Agreement will continue in effect for the remainder of the Term then in effect, but if there is less than twelve (12) months remaining in the Term then in effect, the Agreement will automatically extend for an additional three (3) years from the date the definitive agreement is terminated. If Executive becomes entitled to benefits under Section 5 during the term of this Agreement, the Agreement will not terminate until all of the obligations of the parties hereto with respect to this Agreement have been satisfied.

(b) At-Will Employment. The Company and Executive acknowledge that, notwithstanding the foregoing, Executive's employment is and will continue to be at-will, as defined under applicable law. As an at-will employee, either the Company or the Executive may terminate the employment relationship at any time, with or without cause; provided, however, that in connection with such termination, the Company will provide Executive with any applicable benefits under Section 5 to which Executive is entitled, all in accordance with the terms and conditions thereof.

4. Compensation and Benefits.

(a) Base Salary. As an annual base salary ("Base Salary") for all services rendered pursuant to this Agreement, Executive will be paid an initial Base Salary in the gross amount of $350,200 calculated on an annualized basis, less necessary withholdings and authorized deductions, and payable pursuant to the Company's regular payroll practices at the time. The Base Salary is first subject to review and adjustment within the first three (3) months after the end of the fiscal year that includes the Effective Date, and, thereafter, subject to periodic review and adjustment not less frequently than annually within the first three (3) months after the end of the next successive fiscal year, in the sole discretion of the Company. Executive's Base Salary will not be reduced from the level in effect from time to time, except that the Base Salary may be reduced in connection with a salary reduction program of general application to senior executives of the Company where each experiences a substantially similar reduction on a percentage basis.

(b) Performance Bonus. During Executive's employment under this Agreement, Executive will be eligible for a performance bonus, subject to the terms and conditions of the Company's Performance Bonus Plan, which is applicable to senior executives of the Company. The target amount of Executive's annual bonus is sixty percent (60%) of Executive's annual Base Salary (as defined in the Company's Performance Bonus Plan as then in effect). However, payment of the performance bonus will be conditioned on the Company's achievement of corporate performance objectives approved by the

Company and on the Executive's achievement of individual performance metrics to be established annually and approved by the Company, all as established pursuant to the Company's Performance Bonus Plan as then in effect, and the bonus may be zero. For the avoidance of doubt, the performance bonus will be payable only if the corporate and/or individual performance objectives approved by the Company are achieved as determined by the Company, subject to the Company's right to exercise discretion in determining the amount of the bonus to be awarded, if any, as set forth in the Company's Performance Bonus Plan then in effect. To encourage continued tenure with the Company, Executive must be employed by the Company as of the payment date to be eligible for a performance bonus for the year to which the bonus relates, unless otherwise provided in Section 5. Performance bonuses will be paid out according to the terms of the Company's Performance Bonus Plan.

(c) Equity Incentive Awards.

(i) Stock Options. The Company may grant to Executive the option to purchase shares of the Company's common stock ("Options") pursuant to the Accuray Incorporated 2016 Equity Incentive Plan (the "Incentive Plan"). All Options shall be subject to the terms and conditions of the Incentive Plan and a stock option grant notice and grant agreement in a form prescribed by the Company, which Executive must sign as a condition to receiving the Options.

(ii) Restricted Stock Units. The Company may grant to Executive restricted stock units ("RSUs") pursuant to the Incentive Plan. All RSUs are subject to and conditioned on approval of the grant and its terms by the Company's Board of Directors (the "Board"). All RSUs shall be subject to the terms and conditions of the Incentive Plan and a RSU grant notice and grant agreement in a form prescribed by the Company, which Executive must sign as a condition to receiving the RSUs.

(iii) Market Stock Units. The Company may grant to Executive performance-based market stock units ("MSUs") pursuant to the Incentive Plan. All MSUs are subject to and conditioned on approval of the grant and its terms by the Board. All granted MSUs shall vest as provided in the applicable MSU grant notice and grant agreement ("MSU Agreement"). All MSUs shall be subject to the terms and conditions of the Incentive Plan and a MSU Agreement in a form prescribed by the Company, which Executive must sign as a condition to receiving the MSUs.

(iv) Performance Stock Units. The Company may grant to Executive performance stock units ("PSUs") pursuant to the Incentive Plan. All PSUs are subject to and conditioned on approval of the grant and its terms by the Board. All granted PSUs shall vest as provided in the applicable PSU grant notice and grant agreement ("PSU Agreement"). All PSUs shall be subject to the terms and conditions of the Incentive Plan and a PSU Agreement in a form prescribed by the Company, which Executive must sign as a condition to receiving the PSUs.

(d) Paid Time Off and Benefits. Executive will accrue and be allowed to use paid time off for vacation, illness and holidays pursuant to the Company's policies that apply to executive officers of the Company. In addition, Executive will be entitled to participate in any plans regarding benefits of employment, including pension, profit sharing, group health, disability insurance and other employee pension and welfare benefit plans now existing or hereafter established to the extent that Executive is eligible under the terms of such plans and if the other executive officers of the Company generally are eligible to participate in such plan. The Company may, in its sole discretion and from time to time, establish additional senior management benefit plans as it deems appropriate. Executive understands that any such plans may be modified or eliminated in the Company's sole discretion in accordance with applicable law, provided that no such modification or elimination shall result in reducing or eliminating any benefits in which Executive's right has vested.

(e) Reimbursement of Business Expenses. The Company will promptly reimburse to Executive his/her reasonable, customary and documented out-of-pocket business expenses in connection with the performance of his/her duties under this Agreement, and in accordance with the policies and procedures established by the Company; provided that each reimbursement shall be requested within two (2) months after being incurred.

(f) Sarbanes-Oxley Act Loan Prohibition and Company Compensation-Related Polices. To the extent that any Company benefit, program, practice, arrangement or this Agreement would or might otherwise result in Executive's receipt of an illegal loan (the "Loan"), the Company shall use commercially reasonable efforts to provide Executive with a substitute for the Loan that is lawful and of at least equal value to Executive. If this cannot be done, or if doing so would be significantly more expensive to the Company than making the Loan, the Company need not make the Loan to Executive or

provide him/her a substitute for it. Further, Executive acknowledges that any bonus or equity award provided for in this Agreement or otherwise awarded to him/her shall be subject to the Company's policies regarding recoupment and clawback, as such policies may be amended from time to time, and agrees that he/she will be subject to, and shall comply with, the Company's stock ownership requirements which are set forth in its Amended and Restated Corporate Governance Guidelines, as such requirements may be amended from time to time, and the Company's Insider Trading Policy, as amended from time to time.

5. Termination of Employment.

(a) By Company Without Cause. Subject to the last paragraph of this Section 5(a), the Company may terminate Executive's employment without Cause (as defined below) effective on thirty (30) days' written notice (such thirty (30)-day period, the "Notice Period", and such notice, the "Termination Notice"), during which notice period Executive may be relieved of his/her duties and placed on paid terminal leave. In such event and subject to the other provisions of this Agreement, Executive will be entitled to:

(i) continued coverage under the Company's insurance benefit plans through the termination date and such other benefits to which he/she may be entitled pursuant to the Company's benefit plans, provided, however, that Executive shall not participate in any severance plan of the Company;

(ii) payment of all earned but unpaid compensation (including accrued unpaid vacation) through the effective date of termination, payable on or before the termination date; and

(iii) reimbursement of expenses incurred on or before the termination date in accordance with Section 4(e), above, if a request for reimbursement of the expenses was timely submitted to the Company; plus

(iv) payment of the equivalent of the Base Salary without regard to any reduction that would otherwise constitute Good Reason he/she would have earned over the next six (6) months following the termination date (less necessary withholdings and authorized deductions) at his/her then current Base Salary rate (the "Severance Payment"), payable in a lump sum on the first regularly scheduled payroll date following the date the Release becomes effective and irrevocable (the "Release Effective Date"), but in any event within ten (10) business days of the Release Effective Date and subject to Section 16, below;

(v) payment of a prorated portion of the actual bonus Executive would have otherwise received for the fiscal year during which the termination occurs, as if Executive had remained

employed by the Company through the date that would have otherwise been required to earn the bonus, but without the Board or any committee of the Board exercising any negative discretion to reduce the amount of the award, calculated by dividing the number of days from the start of the fiscal year through the termination date by 365 and multiplying the amount of such actual bonus Executive would have otherwise received by this percentage (but not by more than 100%), and paid at the same time as bonuses are paid to other Company executives that are similarly situated to Executive; provided, however, that if the termination date is after the seventh month of the fiscal year, the actual bonus will not be prorated and Executive will receive 100% of such actual bonus Executive would have otherwise received for that fiscal year at the same time as bonuses are paid to other Company executives that are similarly situated to Executive;

(vi) subject to Section 5(g), reimbursement of insurance premiums payable to retain group health coverage as of the termination date for himself/herself and his/her eligible dependents pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1986 ("COBRA") for six (6) months or the maximum period of COBRA coverage, whichever is less; provided that Executive must submit a reimbursement request in accordance with Company policy within thirty (30) days of paying such insurance premiums. The Company will reimburse the executive within thirty (30) days of receiving a properly submitted request. In addition, if Executive accepts other employment within such six (6) months, the Company's obligation under this Section 5(a)(vi) will be extinguished as of the date Executive becomes covered under the group health plan of Executive's new employer; and

(vii) payment for executive outplacement assistance services with the Company's then current outplacement services vendor and in accordance with the Company's then current policies and practices with respect to outplacement assistance for other executives of the Company for up to twelve (12) months after the termination date.

The payments and benefits set forth in Sections 5(a)(i)-(iii) shall be referred to as the "Accrued Benefits", and the payments and benefits set forth in Sections 5(a)(iv)-(vii) shall be referred to as the "Severance Benefits". Executive shall not receive the Severance Benefits, the "Enhanced Severance Benefits" as provided in Section 5(e), or the Termination Notice Replacement Payment (as defined below) unless Executive executes the separation agreement and general release attached as Exhibit A (the "Release"), and the same becomes irrevocable pursuant to its terms within the 60-day period following his/her termination of employment. Notwithstanding the foregoing paragraphs of this Section 5(a), the Company may terminate Executive's employment prior to the expiration of the Notice Period, and in the case of such termination, the Company shall pay Executive the equivalent of the Base Salary he/she would have earned over the remainder of the Notice Period (less necessary withholdings and authorized deductions) at his/her then current Base Salary rate (the "Termination Notice Replacement Payment"), subject to Executive satisfying the requirements of the previous sentence. Any such Termination Notice Replacement will be paid in a lump sum at the same time as the Severance Payment.

(b) By Company With Cause. The Company may terminate Executive's employment at any time and without prior notice, written or otherwise, for Cause. As used in this Agreement, "Cause" shall mean any of the following conduct by Executive: (i) material breach of this Agreement, or of a Company policy or of a law, rule or regulation applicable to the Company or its operations; (ii) demonstrated and material neglect of duties, or failure or refusal to perform the material duties of his/her position, or the failure to follow the reasonable and lawful instructions of the Company; (iii) gross misconduct or dishonesty, self-dealing, fraud or similar conduct that the Company reasonably determines has caused, is causing or reasonably is likely to cause harm to the Company; or (iv) conviction of or plea of guilty or *nolo contendere* to any crime other than a traffic offense that is not punishable by a sentence of incarceration. Termination pursuant to Section 5(b)(ii) shall be effective only if such failure continues after Executive has been given written notice thereof and fifteen (15) business days thereafter in

which to present his/her position to the Company or to cure the same, unless the Company reasonably determines that the reason(s) for termination are not capable of being cured. In the event of termination for Cause, Executive will be entitled only to the Accrued Benefits through the termination date, which will be the date on which the notice is given. The Company will have no further obligation to pay any compensation of any kind (including without limitation any bonus or portion of a bonus that otherwise may have become due and payable to Executive with respect to the year in which such termination date occurs), or severance payment of any kind nor to make any payment in lieu of notice.

(c) Incapacity or Death.

(i) If Executive becomes unable, due to physical or mental illness or injury, to perform the essential duties of his/her position for more than twelve (12) consecutive weeks in any twelve (12) month period during this Agreement with or without reasonable accommodation ("Incapacity"), the Company has the right to terminate Executive's employment on fifteen (15) days' written notice. In the event of termination for Incapacity, (i) Executive will be entitled to receive the Accrued Benefits, (ii) any unvested equity awards previously granted to Executive that are scheduled to vest based solely on the achievement of service-based conditions ("Time-based Equity Awards") shall become immediately vested to the extent that such Time-based Equity Awards would have vested within six (6) months after the date of termination had such Time-based Equity Awards had vesting schedules that provided for pro-rata vesting on a monthly basis over the entirety of the vesting schedule, and (iii) with respect to any equity awards that are scheduled to vest based on the achievement of performance-based conditions (which may include additional service-based conditions) ("Performance-based Equity Awards") for which the performance period is scheduled to end within six (6) months after the date of termination, each such Performance-based Equity Award will remain outstanding until the date the Compensation Committee of the Board (the "Compensation Committee") determines whether the applicable performance condition is achieved (provided that in no event will such Performance-based Equity Award remain outstanding beyond the Performance-based Equity Award's maximum term to expiration) and will vest in accordance with its terms to the extent such performance condition is achieved; and

(ii) Executive's employment pursuant to this Agreement shall be immediately terminated without notice by the Company upon the death of Executive. If Executive dies while actively employed pursuant to this Agreement, (i) the Company will pay to his/her estate or designated beneficiaries within sixty (60) days the Accrued Benefits, (ii) any unvested Time-based Equity Awards shall become immediately vested to the extent that such Time-based Equity Awards would have vested within six (6) months after the date of termination had such Time-based Equity Awards had vesting schedules that provided for pro-rata vesting on a monthly basis over the entirety of the vesting schedule, and (iii) with respect to any Performance-based Equity Awards for which the performance period is scheduled to end within six (6) months after the date of termination, each such Performance-based Equity Award will remain outstanding until the date the Compensation Committee determines whether the applicable performance condition is achieved (provided that in no event will such Performance-based Equity Award remain outstanding beyond the Performance-based Equity Award's maximum term to expiration) and will vest in accordance with its terms to the extent such performance condition is achieved.

(d) Resignation for Good Reason. Executive may terminate this Agreement for Good Reason (as defined below) by giving written notice to the Company of such termination, subject to Executive complying with the notice, cure period and other requirements set forth within the definition of Good Reason below. As used in this Agreement, "Good Reason" shall mean the occurrence of any one of the following without Executive's written consent: (i) a material reduction in Executive's Base Salary and/or a material breach of this Agreement by the Company resulting from the failure to provide the

benefits required in Section 4, (ii) any action or inaction that constitutes a material breach by the Company of this Agreement; (iii) a material diminution in Executive's authority, duties or responsibilities such that they are materially inconsistent with his/her position as Senior Vice President, Global Operations and Corporate Development of the Company; and (iv) relocation of the Company's headquarters to a location that materially increases Executive's commute, provided that no termination for Good Reason shall be effective until Executive has given the Company written notice (pursuant to Section 11 below) within sixty (60) days after Executive becomes aware of the initial occurrence of any of the foregoing specifying the event or condition constituting the Good Reason and the specific reasonable cure requested by Executive, and the Company has failed to cure the occurrence within thirty (30) days of receiving written notice from Executive, and Executive resigns within six (6) months after Executive becomes aware of the initial occurrence. In the event of a termination for Good Reason, Executive will be entitled to the Accrued Benefits and the Severance Benefits, on the same conditions, form of payment and timing as set forth in Section 5(a).

(e) Effect of Change in Control. If the Company terminates Executive's employment with the Company without Cause (excluding due to Executive's death or Incapacity) or if Executive resigns from such employment for Good Reason, and, in each case, such termination occurs during the Change in Control Period (as defined below), Executive will be entitled to the Accrued Benefits, and subject to the same conditions set forth in the final paragraph of Section 5(a), (i) four times the Severance Payment set forth in Section 5(a)(iv), paid in the same form (i.e., a lump sum) and at the same time as the Severance Payments set forth in Section 5(a)(iv), (ii) subject to Section 5(g), the reimbursement of Executive's insurance premiums for twelve (12) months in the same form and at the same time and under the same conditions as provided in Section 5(a)(vi), (iii) a taxable monthly payment (which may be used for any purpose) equal to actual the COBRA reimbursement payment that Executive receives under Section 5(e)(ii) for any particular month, (iv) two hundred percent (200%) of Executive's target bonus for the fiscal year during which termination occurs, but no less than two hundred percent (200%) of the target bonus in effect for the fiscal year immediately prior to the Change in Control if the Change in Control occurs within the first three (3) months of the fiscal year, payable at the same time as the payment under clause (i) of this Section 5(e), (v) all outstanding unvested equity awards previously granted to Executive shall become immediately vested (the "Enhanced Severance Benefits"), and (vi) payment for executive outplacement assistance services with the Company's then current outplacement services vendor and in accordance with the Company's then current policies and practices with respect to outplacement assistance for other executives of the Company for up to twelve (12) months after the termination date.

For the avoidance of doubt, if Executive's termination without Cause (excluding due to Executive's death or Incapacity) or resignation for Good Reason occurs prior to a Change in Control, then any unvested portion of Executive's outstanding equity awards will remain outstanding until the earlier of (i) the date that is three (3) months following the termination of Executive's employment or (ii) the date that a Change in Control occurs (provided that in no event will any of Executive's equity awards remain outstanding beyond the equity award's maximum term to expiration). In the event that a Change in Control does not occur by the date that is three (3) months following the termination of Executive's employment, any unvested portion of Executive's equity awards automatically will be forfeited permanently without having vested. Further, for any Performance-based Equity Awards, the performance-based vesting component of the equity awards shall not be deemed to be automatically achieved as a result of the application of Section 5(e)(v) but will remain outstanding during the three (3) month period following Executive's termination or through the date of the Change in Control, as applicable, to determine whether a Change in Control would have occurred within three (3) months of the termination of Executive's employment and, if so, the extent to which the performance condition is achieved, such determination to be made in accordance with the procedures set forth in the applicable award agreement. If the performance condition is satisfied and that would cause the award to become eligible to vest based

on continued service, then clause (v) of this Section 5(e) will cause the service-based vesting component to be deemed satisfied and the vesting of the equity award will be accelerated as to the portion of the award that became eligible to vest. For clarity, if there is no service-based condition that applies with respect to any portion of such equity award upon such satisfaction of the performance condition, such portion of the equity award will immediately vest upon such satisfaction of the performance condition.

For the sake of clarity, if any payments or benefits are payable under this Section 5(e), no payments or benefits shall be made under any other subsection of this Section 5, including Section 5(a) and Section 5(d), and any Enhanced Severance Benefits will be reduced by any Severance Benefits that may have been paid or provided with respect to any termination triggering Severance Benefits that occurs during the three-month period prior to a Change in Control (this provision, the "**Non-duplication Provision**").

As used in this Agreement, a "Change in Control" shall mean any of the following events:

(i) the acquisition by any Group or Person (as such terms are defined in Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act")), other than (A) a trustee or other fiduciary holding securities of the Company under an employee benefit plan of the Company or (B) an entity in which the Company directly or indirectly beneficially owns fifty percent (50%) or more of the voting securities of such entity (an "Affiliate"), of any securities of the Company, immediately after which such Group or Person has beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of fifty percent (50%) or more of (X) the outstanding shares of Common Stock or (Y) the combined voting power of the Company's then outstanding securities entitled to vote generally in the election of directors;

(ii) the Company (and/or its subsidiaries) is a party to a merger or consolidation with a Person other than an Affiliate, which merger or consolidation results in (a) the holders of voting securities of the Company outstanding immediately before such merger or consolidation failing to continue to represent (either by remaining outstanding or being converted into voting securities of the surviving entity) fifty percent (50%) or more of the combined voting power of the then outstanding voting securities of the corporation or entity resulting from or surviving such merger or consolidation or (b) individuals who are directors of the Company just prior to such merger or consolidation not constituting more than fifty percent (50%) of the members of the Board of Directors of the surviving entity or corporation immediately after the consummation of such merger or consolidation; or

(iii) all or substantially all of the assets of the Company and its subsidiaries are, in any transaction or series of transactions, sold or otherwise disposed of (or consummation of any transaction, or series of related transactions, having similar effect), other than to an Affiliate;

provided, however, that in no event shall a "Change in Control" be deemed to have occurred for purposes of this Agreement solely because the Company engages in an internal reorganization, which may include a transfer of assets to, or a merger or consolidation with, one or more Affiliates. Additionally, with respect to the payment of any "nonqualified deferred compensation" within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), that is not exempt from section 409A of the Code, no event shall constitute a Change in Control unless it also constitutes a change in the ownership of the Company (as defined in Treasury Regulation section 1.409A-3(i)(5)(v)), a change in effective control of the Company (as defined in Treasury Regulation section 1.409A-3(i)(5)(vi)), or a change in the ownership of a substantial portion of the assets of the Company (as defined in Treasury Regulation section 1.409A-3(i)(5)(vii)).

As used in this Agreement, a "Change in Control Period" shall mean the period beginning three (3) months prior to, and ending twelve (12) months following, a Change in Control.

(f) Voluntary Resignation without Good Reason. Executive may terminate this Agreement without Good Reason effective on sixty (60) day's written notice, unless the Company in its sole discretion accepts the resignation earlier. In the event that Executive resigns without Good Reason as defined above in Section 5(d), Executive will be entitled only to the Accrued Benefits through the termination date. The Company will have no further obligation to pay any compensation of any kind (including without limitation any bonus or portion of a bonus that otherwise may have become due and payable to Executive with respect to the year in which such termination date occurs unless he/she remains employed with the Company as of the date bonuses are paid to other senior executives of the Company), or severance payments of any kind.

(g) If the Company determines in its sole discretion that it cannot make the COBRA reimbursements under Section 5(a)(vi) or Section 5(e)(ii) (the "COBRA Reimbursements") without potentially violating applicable law (including, without limitation, Section 2716 of the Public

Health Service Act), the Company will in lieu thereof provide to Executive a taxable monthly payment, payable on the last day of a given month, in an amount equal to the monthly COBRA premium that the Executive would be required to pay to continue the Executive's group health coverage in effect on the termination of employment date (which amount will be based on the premium for the first month of COBRA continuation coverage), which payments will be made regardless of whether the Executive elects COBRA continuation coverage and will commence on the month following the Executive's termination of employment and will end on the earlier of (x) the date upon which the Executive obtains other employment or (y) the date the Company has paid an amount equal to (A) 6 payments if Executive is receiving the Severance Benefits pursuant to Section 5(a) or (B) subject to the Non-duplication Provision, 12 payments if Executive is receiving the Enhanced Severance Benefits pursuant to Section 5(e). For the avoidance of doubt, such taxable payments in lieu of COBRA Reimbursements (the "COBRA Substitute Payments") may be used for any purpose, including, but not limited to continuation coverage under COBRA, and will be subject to all applicable tax withholding.

6. Proprietary Information Obligations.

(a) Proprietary Information and Confidentiality. Both before and during the term of Executive's employment, Executive will have access to and become acquainted with Company confidential and proprietary information (together "Proprietary Information"), including but not limited to information or plans concerning the Company's products and technologies; customer relationships; personnel; sales, marketing and financial operations and methods; trade secrets; formulae and secret developments and inventions; processes; and other compilations of information, records, and specifications. Executive will not disclose any of the Proprietary Information directly or indirectly, or use it in any way, either during his/her employment pursuant to this Agreement or at any time thereafter, except as reasonably required or specifically requested in the course of his/her employment with the Company or as authorized in writing by the Company. Notwithstanding the foregoing, Proprietary Information does not include information that is otherwise publicly known or available, provided it has not become public as a result of a breach of this Agreement or any other agreement Executive has to keep information confidential. It is not a breach of this Agreement for Executive to disclose Proprietary Information (i) pursuant to an order of a court or other governmental or legal body or (ii) in connection with Protected Activity (as defined below). Executive understands that nothing in this Agreement shall in any way limit or prohibit Executive from engaging in any Protected Activity. For purposes of this Agreement, "Protected Activity" means filing a charge or complaint with, or otherwise communicating or cooperating with or participating in any investigation or proceeding that may be conducted by any federal, state or local government agency or commission, including the Securities and Exchange Commission, the

Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, and the National Labor Relations Board ("Government Agencies"). Executive understands that in connection with such Protected Activity, Executive is permitted to disclose documents or other information as permitted by law, and without giving notice to, or receiving authorization from, the Company. Notwithstanding, in making any such disclosures or communications, Executive agrees to take all reasonable precautions to prevent any unauthorized use or disclosure of any information that may constitute Proprietary Information to any parties other than the Government Agencies. Executive further understands that "Protected Activity" does not include the disclosure of any Company attorney-client privileged communications. In addition, Executive hereby acknowledges that the Company has provided Executive with notice in compliance with the Defend Trade Secrets Act of 2016 regarding immunity from liability for limited disclosures of trade secrets. The full text of the notice is attached in Exhibit B.

(b) Inventions Agreement and Assignment.

(i) Executive hereby agrees to disclose promptly to the Company (or any persons designated by it) all developments, designs, creations, improvements, original works of authorship, formulas, processes, know-how, techniques and/or inventions (collectively, the "Inventions") (A) which are made or conceived or reduced to practice by Executive, either alone or jointly with others, in performing his/her duties during the period of Executive's employment by the Company, that relate to or are useful in the business of the Company; or (B) which result from tasks assigned to Executive by the Company, or from Executive's use of the premises or other resources owned, leased or contracted by the Company.

(ii) Executive agrees that all such Inventions which the Company in its discretion determines to be related to or useful in its business or its research or development, or which result from work performed by Executive for the Company, will be the sole and exclusive property of the Company and its assigns, and the Company and its assigns will have the right to use and/or to apply for patents, copyrights or other statutory or common law protections for such Inventions in any and all countries. Executive further agrees to assist the Company in every reasonable way (but at the Company's expense) to obtain and from time to time enforce patents, copyrights and other statutory or common law protections for such Inventions in any and all countries. To that end, Executive will execute all documents for use in applying for and obtaining such patents, copyrights and other statutory or common law protections therefor and enforcing the same, as the Company may desire, together with any assignments thereof to the Company or to persons or entities designated by the Company. Should the Company be unable to secure Executive's signature on any document necessary to apply for, prosecute, obtain, or enforce any patent, copyright or other right or protection relating to any Invention, whether due to his/her mental or physical incapacity or any other cause, Executive hereby irrevocably designates and appoints the Company and each of its duly authorized officers and agents as Executive's agent and attorney-in-fact, to act for and in his/her behalf and stead, to execute and file any such document, and to do all other lawfully permitted acts to further the prosecution, issuance, and enforcement of patents, copyrights or other rights or protections with the same force and effect as if executed and delivered by Executive. Executive's obligations under this Section 6(b)(ii) will continue beyond the termination of Executive's employment with the Company, but the Company will compensate Executive at a reasonable rate after such termination for time actually spent by Executive at the Company's request in providing such assistance.

(iii) Executive hereby acknowledges that all original works of authorship which are made by Executive (solely or jointly with others) within the scope of Executive's employment which are protectable by copyright are "works for hire," as that term is defined in the United States Copyright Act (17 USCA, Section 101).

(iv) Any provision in this Agreement requiring Executive to assign Executive's rights in any Invention to the Company will not apply to any invention that is exempt under the provisions of California Labor Code section 2870, which provides:

> "(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either: (1) relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or (2) result from any work performed by the employee for the employer. (b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable."

(c) Non-Solicitation of Customers and Other Business Partners. Executive recognizes that by virtue of his/her employment with the Company, he/she will be introduced to and involved in the solicitation and servicing of existing customers and other business partners of the Company and new customers and business partners obtained by the Company during his/her employment. Executive understands and agrees that all efforts expended in soliciting and servicing such customers and business partners shall be for the benefit of the Company. Executive further agrees that during his/her employment with the Company he/she will not engage in any conduct which could in any way jeopardize or disturb any of the customer and business partner relationships of the Company. In addition, to the extent permitted under applicable law, Executive agrees that, for a period beginning on the Effective Date and ending twelve (12) months after termination of Executive's employment with the Company, regardless of the reason for such termination, Executive shall not use any Proprietary Information to, directly or indirectly, solicit, direct, interfere with, or entice away from the Company any existing customer, licensee, licensor, vendor, contractor or distributor of the Company or for the customer or other business partner to expand its business with a competitor, without the prior written consent of the Company; provided, however, that if Executive is or becomes a permanent resident of the state of California and remains such a permanent resident through the date of termination of Executive's employment, this Section 6(c) shall not apply following the termination of Executive's employment with the Company.

(d) Non-Solicitation of Employees. Executive recognizes the substantial expenditure of time and effort which the Company devotes to the recruitment, hiring, orientation, training and retention of its employees. Accordingly, Executive agrees that, for a period beginning on the Effective Date and ending twelve (12) months after termination of Executive's employment with the Company, regardless of the reason for such termination, Executive shall not use any Proprietary Information, directly or indirectly, for himself or on behalf of any other person or entity, solicit, offer employment to, hire or otherwise retain the services of any employee of the Company in a position classified as exempt from overtime pay requirements. For purposes of the foregoing, "employee of the Company" shall include any person who was an employee of the Company at any time within six (6) months prior to the prohibited conduct.

(e) Company Property and Materials.

(i) All files, records, documents, computer-recorded or electronic information, drawings, specifications, equipment, and similar items relating to Company business, whether prepared by Executive or otherwise coming into his/her possession, will remain the Company's exclusive property and will not be removed from Company premises under any circumstances whatsoever without the Company's prior written consent, except when, and only for the period, necessary to carry out Executive's duties hereunder

(ii) In the event of termination of Executive's employment for any reason, Executive will promptly deliver to the Company all Company equipment (including, without limitation, any cellular phones, beeper/pagers, computer hardware and software, fax machines and other tools of the trade) and all originals and copies of all documents, including without limitation, all books, customer lists, forms, documents supplied by customers, records, product lists, writings, manuals, reports, financial documents and other documents or property in Executive's possession or control, which relate to the Company's business in any way whatsoever, and in particular to customers of the Company, or which may be considered to constitute or contain Proprietary Information as defined above, and Executive will neither retain, reproduce, nor distribute copies thereof (other than copies of Executive's electronic or hardcopy address and telephone contact data base or directories). Notwithstanding the foregoing, Executive shall be allowed to retain a copy of the Employee Handbook and personnel records relating to Executive's employment.

(f) Remedies for Breach. Executive acknowledges that any breach by Executive of this Section 6 would cause the Company irreparable injury and damage for which monetary damages are inadequate. Accordingly, in the event of a breach or a threatened breach of this Section 6, the Company will be entitled to seek an injunction restraining such breach. In addition, in the event of a breach of this Section 6, the Company's obligation to pay any unpaid portion of the Severance Payment or other benefits as set forth in Sections 5(a) and (d) of this Agreement will be extinguished. Nothing contained herein will be construed as prohibiting the Company from pursuing any other remedy available to the Company for such breach or such threatened breach. Executive has carefully read and considered these restrictions and agrees they are fair and reasonable restrictions on Executive and are reasonably required for the protection of the interests of the Company. Executive agrees not to circumvent the spirit of these restrictions by attempting to accomplish indirectly what Executive is otherwise restricted from doing directly. Executive agrees that the restrictions in this Section 6 are reasonable and necessary to protect the Company's Proprietary Information, and they do not prevent Executive from working in the medical device industry. Executive agrees that the covenants and agreements by Executive contained in this Section 6 shall be in addition to any other agreements and covenants Executive may have agreed to in any other employee proprietary information, confidentiality, non-disclosure or other similar agreement and that this Section 6 shall not be deemed to limit such other covenants and agreements, all of which shall continue to survive the termination of this Agreement in accordance with their respective terms. A breach by Executive of the terms of such other agreements and covenants shall be deemed to be a breach by Executive of this Section 6 and of this Agreement. To the extent any of the provisions in this Section 6 are held to be overly broad or otherwise unenforceable at the time enforcement is sought, Executive agrees that the provision shall be reformed and enforced to the greatest extent permissible by law. Executive further agrees that if any portion of this Section 6 is held to be unenforceable, the remaining provisions of this Section 6 shall be enforced as written.

7. Interpretation, Governing Law and Exclusive Forum. The validity, interpretation, construction, and performance of this Agreement shall be governed by the laws of the State of California (excluding any that mandate the use of another jurisdiction's laws). Any arbitration (unless otherwise mutually agreed), litigation or similar proceeding with respect to such matters only may be brought within Santa Clara County, California, and all parties to this Agreement consent to California's jurisdiction.

8. Entire Agreement. All oral or written agreements or representations, express or implied, with respect to the subject matter of this Agreement are set forth in this Agreement.

9. Severability. In the event that one or more of the provisions contained in this Agreement are held to be invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such holding shall not impair the validity, legality or enforceability of the remaining provisions herein.

10. Successors and Assigns. This Agreement shall be binding upon, and shall inure to the benefit of, Executive and his/her estate, but Executive may not assign or pledge this Agreement or any rights arising under it, except to the extent permitted under the terms of the benefit plans in which he/she participates. No rights or obligations of the Company under this Agreement may be assigned or transferred except that the Company shall require any successor (whether direct or indirect, by purchase, merger, reorganization, sale, transfer of stock, consideration or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no succession had taken place. As used in this Agreement, "Company" means the Company as hereinbefore defined and any successor to its business and/or assets (by merger, purchase or otherwise as provided in this Section 10) which executes and delivers the agreement provided for in this Section 10 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law. In the event that any successor refuses to assume the obligations hereunder, the Company as hereinbefore defined shall remain fully responsible for all obligations hereunder.

11. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be given by hand delivery, electronic mail, facsimile, telecopy, overnight courier service, or by United States certified or registered mail, return receipt requested. Each such notice, request, demand or other communication shall be effective (i) if delivered by hand or by overnight courier service, when delivered at the address specified in this Section 11; (ii) if given by electronic mail, facsimile or telecopy, when such electronic mail, facsimile or telecopy is transmitted to the electronic mail address or facsimile or telecopy number specified in this Section 11 and confirmation is received if during normal business hours on a business day, and otherwise, on the next business day; and (iii) if given by certified or registered mail, three (3) days after the mailing thereof. Notices shall be addressed to the parties as follows (or at such other address, email address or fax number as either party may from time to time specify in writing by giving notice as provided herein):

If to the Company:	Accuray Incorporated 1310 Chesapeake Terrace Sunnyvale, California 94089 Attn: General Counsel Fax No. (408) 789-4205
If to Executive:	Andrew J. Kirkpatrick Address: most recent on file with the Company Email: most recent on file with the Company

12. Indemnification. As soon as reasonably practicable after the due execution of this Agreement by each of the parties hereto, the Company and Executive will enter into the Company's standard form of indemnification agreement utilized by the Company for its directors and executive officers.

13. Dispute Resolution. The parties agree that all disputes, claims or controversies between them and between Executive and any of the Company's affiliated entities and the successor of all such

entities, including any dispute, claim or controversy arising from or otherwise in connection with this Agreement and/or Executive's employment with the Company, will be resolved as follows:

(a) Prior to initiating any other proceeding, the complaining party will provide the other party with a written statement of the claim identifying any supporting witnesses or documents and the requested relief. The responding party shall within forty-five (45) days furnish a statement of the relief, if any, that it is willing to provide, and identify supporting witnesses or documents.

(b) If the matter is not resolved by the exchange of statements of claim and statements of response as provided herein, the parties shall submit the dispute to non-binding mediation, the cost of the mediator to be paid by the Company, before a mediator and/or service to be jointly selected by the parties. Each party will bear his/her or its own attorney's fees and witness fees.

(c) If the parties cannot agree on a mediator and/or if the matter is not otherwise resolved by mediation, any controversy or claim between Executive and the Company and any of its current or former directors, officers and employees, including any arising out of or relating to this Agreement or breach thereof, shall be settled by final and binding arbitration in the county in which Executive last worked, or elsewhere as mutually agreed by the parties, by a single arbitrator pursuant to the Employment Dispute Rules of Judicial Arbitration and Mediation Services, Inc. ("JAMS"), unless the parties to the dispute agree to another arbitration service or independent arbitrator. The parties may conduct discovery to the extent permitted in a court of law; the arbitrator will render an award together with a written opinion indicating the bases for such opinion; and the arbitrator will have full authority to award all remedies that would be available in court. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Each party shall bear its own attorney's fees and costs, unless the claim is based on a statute that provides otherwise. The Company will pay the

arbitrator's fees and any administrative charges of the arbitration service, except that if Executive initiates the claim, he/she will pay a portion of the administrative charges equal to the amount he/she would have paid to initiate the claim in a court of general jurisdiction.

(d) EXECUTIVE AND THE COMPANY AGREE THAT THIS ARBITRATION PROCEDURE WILL BE THE EXCLUSIVE MEANS OF REDRESS FOR ANY DISPUTES RELATING TO OR ARISING FROM EXECUTIVE'S EMPLOYMENT WITH THE COMPANY OR TERMINATION THEREFROM, INCLUDING DISPUTES OVER UNPAID WAGES, BREACH OF CONTRACT OR TORT, VIOLATION OF PUBLIC POLICY, RIGHTS PROVIDED BY FEDERAL, STATE OR LOCAL STATUTES, REGULATIONS, ORDINANCES, AND COMMON LAW, LAWS THAT PROHIBIT DISCRIMINATION BASED ON ANY PROTECTED CLASSIFICATION, AND ANY OTHER STATUTES OR LAWS RELATING TO AN EXECUTIVE'S RELATIONSHIP WITH THE COMPANY. THE FOREGOING NOTWITHSTANDING, CLAIMS FOR WORKERS' COMPENSATION BENEFITS OR UNEMPLOYMENT INSURANCE, OR ANY OTHER CLAIMS WHERE MANDATORY ARBITRATION IS PROHIBITED BY LAW, ARE NOT COVERED BY THIS ARBITRATION PROVISION. THE PARTIES EXPRESSLY WAIVE THE RIGHT TO A JURY TRIAL, AND AGREE THAT THE ARBITRATOR'S AWARD SHALL BE FINAL AND BINDING ON BOTH PARTIES. THIS ARBITRATION PROVISION IS TO BE CONSTRUED AS BROADLY AS IS PERMISSIBLE UNDER APPLICABLE LAW.

14. Representations. Each person executing this Agreement hereby represents and warrants on behalf of himself/herself and of the entity/individual on whose behalf he/she is executing the Agreement that he/she is authorized to represent and bind the entity/individual on whose behalf he/she is executing the Agreement. Executive specifically represents and warrants to the Company that he/she reasonably believes (a) he/she is not under any contractual or other obligations that would prevent, limit or impair Executive's performance of his/her obligations under this Agreement and (b) that entering into

this Agreement will not result in a breach of any other agreement to which he/she is a party. Executive acknowledges that Executive has been given the opportunity to consult with legal counsel and seek such advice and consultation as Executive deems appropriate or necessary.

15. Amendments and Waivers. No provisions of this Agreement may be modified, waived, or discharged except by a written document signed by Executive and a duly authorized Company officer. Thus, for example, promotions, commendations, and/or bonuses shall not, by themselves, modify, amend, or extend this Agreement. A waiver of any conditions or provisions of this Agreement in a given instance shall not be deemed a waiver of such conditions or provisions at any other time.

16. Taxes.

(a) Withholdings. The Company may withhold from any compensation and benefits payable under this Agreement all federal, state, city and other taxes or amounts as shall be determined by the Company to be required to be withheld pursuant to applicable laws, or governmental regulations or rulings. Executive shall be solely responsible for the satisfaction of any taxes (including employment taxes imposed on employees and penalty taxes on nonqualified deferred compensation).

(b) Net Proceeds Maximization. Notwithstanding any provision of this Agreement to the contrary, if all or any portion of the payments or benefits received or realized by Executive pursuant to this Agreement either alone or together with other payments or benefits that Executive receives or realizes or is then entitled to receive or realize from the Company or any of its affiliates ("Potential Parachute Payments") would constitute an "excess parachute payment" within the meaning of section 280G of the Code and/or any corresponding and applicable state law provision, the Potential Parachute Payments will be reduced by reducing the amount of the Potential Parachute Payments to the extent necessary so that no portion of the Potential Parachute Payments will be subject to the excise tax imposed by section 4999 of the Code and any corresponding and/or applicable state law provision. Notwithstanding the foregoing, a reduction will be made under the previous sentence only if, by reason of that reduction, Executive's net after tax benefit exceeds the net after tax benefit he/she would realize if the reduction were not made. For purposes of this paragraph, "net after tax benefit" means the sum of (i) the total amount received or realized by Executive pursuant to this Agreement that would constitute a "parachute payment" within the meaning of section 280G of the Code and any corresponding and applicable state law provision, plus (ii) all other payments or benefits that Executive receives or realizes or is then entitled to receive or realize from the Company and any of its affiliates that would constitute a "parachute payment" within the meaning of Section 280G of the Code and any corresponding and applicable state law provision, less (iii) the amount of federal or state income taxes payable with respect to the payments or benefits described in (i) and (ii) above calculated at the maximum marginal individual income tax rate for each year in which payments or benefits are realized by Executive (based upon the rate in effect for that year as set forth in the Code at the time of the first receipt or realization of the foregoing), less (iv) the amount of excise taxes imposed with respect to the payments or benefits described in (i) and (ii) above by section 4999 of the Code and any corresponding and applicable state law provision. All determinations and calculations made in this paragraph shall be made by an independent accounting firm (the "Accounting Firm") selected by the Company prior to the Change in Control and the Company will bear all costs and expenses incurred by the Accounting Firm in connection with its determination. The Accounting Firm shall be a nationally recognized United States public accounting firm which has not, during the two (2) years preceding the date of its selection, acted in any way on behalf of (x) the Company or any affiliate thereof or (y) Executive. If any payments or benefits are reduced pursuant to this Section 16(b), they shall be reduced in the following order: First all payments and benefits that do not constitute "nonqualified deferred compensation" within the meaning of section 409A of the Code or that are exempt from section 409A of the Code (with the payments or benefits being reduced in reverse order of when they otherwise would be made or provided); second, all payments or benefits that constitute "nonqualified deferred compensation" within the meaning of section 409A of the

Code that are not exempt from section 409A of the Code that were granted to Executive in the 12-month period of time preceding the applicable Change in Control, in the order such benefits were granted to Executive; and third, all remaining payments and benefits shall be reduced pro-rata. Notwithstanding the

foregoing, if (i) reducing payments or benefits in the order described above would result in the imposition on Executive of an additional tax under section 409A of the Code (or similar state or local law), (ii) Executive so notifies the Company before such reductions and payments are made and benefits provided, and (iii) reducing the payments or benefits in another order would not result in the imposition on Executive of an additional tax under section 409A of the Code (or similar state or local law), payments and benefits shall instead be reduced in such other order.

(c) Section 409A Compliance.

(i) With respect to any reimbursement of expenses or any provision of in-kind benefits to Executive specified under this Agreement, such reimbursement of expenses or provision of in-kind benefits shall be subject to the following conditions: (1) the expenses eligible for reimbursement or the amount of in-kind benefits provided in one taxable year shall not affect the expenses eligible for reimbursement or the amount of in-kind benefits provided in any other taxable year, except for any medical reimbursement arrangements providing for the reimbursement of expenses referred to in section 105(b) of the Code; (2) the reimbursement of an eligible expense shall be made no later than the end of the year following the year in which such expense was incurred; and (3) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit.

(ii) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits considered "deferred compensation" (as defined under Treasury Regulation section 1.409A-1(b)(1), after giving effect to the exemptions in Treasury Regulation sections 1.409A-1(b)(3) through (b)(12)) upon or following a termination of employment unless such termination is also a "separation from service" and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service." For purposes of section 409A of the Code, the date as of which Company and Executive reasonably anticipate that no further services would be performed by Executive for Company shall be construed as the date that Executive first incurs a "separation from service" as defined under section 409A of the Code.

(iii) Notwithstanding anything in this Agreement to the contrary, if a payment obligation arises on account of Executive's separation from service while Executive is a "specified employee" as described in section 409A of the Code and the Treasury Regulations thereunder and as determined by Company in accordance with its procedures, by which determination Executive is bound, any payment of "deferred compensation" (as defined under Treasury Regulation section 1.409A-1(b)(1), after giving effect to the exemptions in Treasury Regulation sections 1.409A-1(b)(3) through (b)(12)) shall be made on the first business day of the seventh month following the date of Executive's separation from service, or, if earlier, within fifteen (15) days after the appointment of the personal representative or executor of Executive's estate following Executive's death together with interest on them for the period of delay at a rate equal to the average prime interest rate published in the Wall Street Journal on any day chosen by the Company during that period. Thereafter, Executive shall receive any remaining payments as if there had not been an earlier delay.

(iv) Notwithstanding anything to the contrary contained in this Agreement, (i) the Executive shall have no legally-enforceable right to, and the Company shall have no obligation to make, any payment or provide any benefit to Executive if having such a right or obligation would result in the imposition of additional taxes under section 409A of the Code, and (ii) any provision that would cause any payment or benefit to fail to satisfy section 409A will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by section 409A and may be accomplished by the Company without the Executive's consent). If any payment is not made or any

benefit is not provided under the terms of this Section 16(c)(iv), it is the Company's present intention to make a similar payment or provide a similar benefit to the Executive in a manner that will not result in the imposition of additional taxes under section 409A of the Code, to the extent feasible. Each payment made under this Agreement is intended to be a separate payment for the purposes of section 409A of the Code.

(v) The Company does not guarantee any particular tax effect to Executive under this Agreement. Company shall not be liable to Executive for any payment made under this Agreement that is determined to result in an additional tax, penalty or interest under section 409A of the Code, nor for reporting in good faith any payment made under this Agreement as an amount includible in gross income under section 409A of the Code. The parties intend this Agreement to be exempt from, or comply with, the requirements of Section 409A of the Code and the final regulations and any guidance promulgated thereunder so that none of the payments and benefits to be provided hereunder will be subject to the additional tax imposed by Section 409A. Any ambiguities or ambiguous terms shall be interpreted to so be exempt or comply, and this Agreement shall be administered in accordance with such intent.

17. U.S. Citizenship and Immigration Services; Confidentiality and Inventions Agreement. Executive agrees to timely file all documents required by the Department of Homeland Security to verify his/her identity and lawful employment in the United States. In addition, as a condition to Executive's employment with the Company, Executive is required to complete, sign, return, and abide by the Company's Employee Confidentiality and Inventions Agreement.

18. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute the same instrument.

19. Resignation from Positions. Upon Executive's cessation of employment with the Company for any reason, Executive agrees that Executive shall be deemed to have resigned as an officer and as a director (if applicable) from the Company and every subsidiary of the Company on which Executive is then serving as an officer or director, and from any other entity or company on which Executive is then serving as a director or officer at the request of the Company, in each case effective as of the date of Executive's cessation of employment. In the event of Executive's cessation of employment, Executive agrees to execute a general resignation resigning from all positions then held by Executive on every subsidiary of the Company and other entity or company on which Executive is then serving as a director or officer at the request of the Company. Executive hereby grants the corporate secretary of the Company an irrevocable power of attorney to execute on behalf of Executive all such resignations, documents and instruments and to take all such other actions as reasonably necessary to carry out the intention of this Section 19.

20. Executive's Commencement of Employment. It is a condition precedent to the effectiveness of this Agreement that Executive commences working full-time for the Company at the Company's principal executive offices on the Effective Date. If Executive does not commence such full-time employment on the Effective Date, then this Agreement shall be null and void and the Company shall have no obligations hereunder or otherwise to Executive.

21. Executive's Acknowledgement.

EXECUTIVE ACKNOWLEDGES THAT ALL UNDERSTANDINGS AND AGREEMENTS BETWEEN THE COMPANY AND HIM/HER RELATING TO THE SUBJECTS COVERED IN THIS AGREEMENT ARE CONTAINED IN IT (INCLUDING THE AGREEMENTS SET FORTH AS EXHIBITS) AND THAT HE/SHE HAS ENTERED INTO THIS AGREEMENT VOLUNTARILY AND NOT IN RELIANCE ON ANY PROMISES OR REPRESENTATIONS BY THE COMPANY OTHER THAN THOSE CONTAINED IN THIS AGREEMENT.

EXECUTIVE FURTHER ACKNOWLEDGES THAT HE/SHE HAS CAREFULLY READ THIS AGREEMENT (INCLUDING THE AGREEMENTS SET FORTH AS EXHIBITS), THAT HE/SHE UNDERSTANDS ALL OF SUCH AGREEMENTS, AND THAT HE/SHE HAS BEEN GIVEN THE OPPORTUNITY TO DISCUSS SUCH AGREEMENTS WITH HIS/HER PRIVATE LEGAL COUNSEL AND HAS AVAILED HIMSELF/HERSELF OF THAT OPPORTUNITY TO THE EXTENT HE/SHE WISHED TO DO SO. EXECUTIVE UNDERSTANDS THAT THE DISPUTE RESOLUTION PROVISIONS OF THIS AGREEMENT GIVE UP THE RIGHT TO A JURY TRIAL ON MATTERS COVERED BY THEM.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

ACCURAY INCORPORATED,
a Delaware Corporation

By: /s/ Joshua Levine
Name: Joshua Levine
Title: President & Chief Executive Officer

By: /s/ Alaleh Nouri
Name: Alaleh Nouri
Title: Senior Vice President, General Counsel

Accepted and Agreed,

Andrew J. Kirkpatrick: /s/ Andrew J. Kirkpatrick

Signed on: December 15, 2016

Exhibit A

FORM OF SEPARATION AGREEMENT AND GENERAL RELEASE

[See attached]

SEPARATION AGREEMENT AND GENERAL RELEASE

This Separation Agreement and General Release (this "Agreement") is hereby entered into by and between , an individual ("Executive"), and Accuray Incorporated, a Delaware corporation, on behalf of itself and all of its subsidiaries (collectively, the "Company").

Recitals

A. Executive has been employed by the Company pursuant to an employment agreement by and between the Company and Executive effective as of January 1, 2017 (the "Employment Agreement"), and currently is serving as **[specify position held at time of termination]**;

B. Executive's employment with the Company and any of its parents, direct or indirect subsidiaries, affiliates, divisions, or related entities (collectively referred to herein as the "Company and its Related Entities") will be ended on the terms and conditions set forth in this Agreement.

Agreement

In consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

1. Effective Date. Except as otherwise provided herein, this Agreement shall be effective on the eighth day after it has been executed by both of the parties (the "Effective Date").

2. End of Employment and Service as a Director. Executive's employment with the Company and its Related Entities has ended or will end effective as of Pacific Time, on (the "Termination Date"). If Executive is an officer or a member of the Board of Directors of the Company and/or its Related Entities (the "Board") Executive hereby voluntarily resigns from any such officer positions and the Board, effective .

3. Continuation of Benefits After the Termination Date. Except as expressly provided in this Agreement or in the plan documents governing the Company's employee benefit plans, after the Termination Date, Executive will no longer be eligible for, receive, accrue, or participate in any other benefits or benefit plans provided by the Company and its Related Entities, including, without limitation, medical, dental and life insurance benefits, and the Company's 401(k) retirement plan; provided, however, that nothing in this Agreement shall waive Executive's right to any vested benefits, including vested amounts in the Company's 401(k) retirement plan, which amounts shall be handled as provided in the plan.

4. Payments Upon Termination. Executive will be entitled to receive payment of the following: (i) all earned but unpaid compensation (including accrued unpaid vacation) through the effective date of termination, payable on or before the termination date; and (ii) reimbursement, made in accordance with Section 4(e) of the Employment Agreement, of any monies advanced or incurred by Executive in connection with his/her employment for reasonable and necessary Company-related expenses incurred on or before the Termination Date. The provisions of this Agreement shall not waive or terminate any rights to compensation or vested benefits under the Company's benefits plans or as required by law, or to indemnification Executive may have under the Company's Certificate of Incorporation, Bylaws or separate indemnification agreement, as applicable.

5. Severance Benefits or Enhanced Severance Benefits. In return for Executive's promises in this Agreement, the Company will provide Executive with the Severance Benefits or Enhanced Severance Benefits as defined in Sections 5(a) and 5(e) of the Employment Agreement and as applicable based on the nature of the termination, subject to the terms and conditions set forth in the Employment Agreement, including, but not limited to, Section 16 thereof. The Severance Benefits or Enhanced Severance Benefits will be paid as specified in Section 5(a) or Section 5(e) of the Employment Agreement, as applicable and shall be subject to required withholdings and authorized deductions and to Section 21 below.

6. Effect of Revocation or Subsequent Employment.

(a) If Executive properly revokes this Agreement in accordance with Section 13 below, Executive shall not be entitled to receive the payments and benefits under Section 5, above, except that Executive's rights under COBRA will continue (but not, for purposes of clarity, the right to be reimbursed for COBRA premiums or receive any COBRA Substitute Payments (as defined in the Employment Agreement)).

(b) The Company's obligation to reimburse premiums for insurance coverage under COBRA or otherwise will be extinguished as of the date Executive's coverage begins under the group health plan of any new employer. If Executive violates the restrictions in Section 17, below, the Company's obligation to pay premiums for insurance under COBRA or otherwise will be immediately extinguished, and the other remedies specified in Section 17, below, shall apply.

7. Acknowledgement of Total Compensation and Indebtedness. Executive acknowledges and agrees that the cash payments under Sections 4 and 5 of this Agreement extinguish any and all obligations for monies, or other compensation or benefits that Executive claims or could claim to have earned or claims or could claim is owed to him/her as a result of his/her employment by the Company and its Related Entities through the Termination Date, under the Employment Agreement or otherwise. Notwithstanding the foregoing, the parties acknowledge and agree that the provisions of this Section 7 shall not terminate any rights Executive has under Section 3 of this Agreement or to other payments Executive may have, and to any indemnification Executive may have under the Company's Bylaws or separate indemnification agreement, as applicable.

8. Status of Related Agreements and Future Employment.

(a) Agreements Between Executive and the Company. [**Agreements to be scheduled at time**].

(b) Employment Agreement. The parties agree that the Employment Agreement shall be terminated as of the Termination Date. Notwithstanding the termination of the Employment Agreement, the parties hereto acknowledge that certain rights and obligations set forth in the Employment Agreement extend beyond the Termination Date. In the event that any provision of this Agreement conflicts with Section 6 of the Employment Agreement, the terms and provisions of the section(s) providing the greatest protection to the Company and its Related Entities shall control.

9. Release by Executive.

(a) Except for any obligations or covenants of the Company pursuant to this Agreement and as otherwise expressly provided in this Agreement, Executive, for himself/herself and his/her heirs, executors, administrators, assigns, successors and agents (collectively, the "Executive's Affiliates") hereby fully and without limitation releases and forever discharges the Company and its

Related Entities, and each of their respective agents, representatives, stockholders, owners, officers, directors, employees, consultants, attorneys, auditors, accountants, investigators, affiliates, successors and assigns (collectively, the "Company Releasees"), both individually and collectively, from any and all waivable rights, claims, demands, liabilities, actions, causes of action, damages, losses, costs, expenses and compensation, of whatever nature whatsoever, known or unknown, fixed or contingent, which Executive or any of Executive's Affiliates has or may have or may claim to have against the Company Releasees by reason of any matter, cause, or thing whatsoever, from the beginning of time to the Effective Date ("Claims"), arising out of, based upon, or relating to his/her employment or the termination of his/her employment with the Company and its Related Entities and/or his/her service as an officer of any of the Company Releasees, any agreement or compensation arrangement between Executive and any of the Company Releasees, to the maximum extent permitted by law.

(b) Executive specifically and expressly releases any Claims arising out of or based on: the California Fair Employment and Housing Act, Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the National Labor Relations Act and the Equal Pay Act, as the same may be amended from time to time; the California common law on fraud, misrepresentation, negligence, defamation, infliction of emotional distress or other tort, breach of contract or covenant, violation of public policy or wrongful termination; state or federal wage and hour laws, and other provisions of the California Labor Code, to the extent these may be released herein as a matter of law; or any other state or federal law, rule, or regulation dealing with the employment relationship, except those claims which may not be released herein as a matter of law.

(c) Nothing contained in this Section 9 or any other provision of this Agreement shall release or waive any right that Executive has to indemnification and/or reimbursement of expenses by the Company and its Related Entities with respect to which Executive may be eligible as provided in California Labor Code section 2802, the Company's and its Related Entities' Certificates of Incorporation, Bylaws and any applicable directors and officers, errors & omissions, umbrella or general liability insurance policies, any indemnification agreements, including the Employment Agreement; or any other applicable source, nor prevent Executive from cooperating in an investigation of the Company by the Equal Employment Opportunity Commission ("EEOC")**.**

10. Waiver of Civil Code Section 1542.

(a) Executive understands and agrees that the release provided herein extends to all Claims released above whether known or unknown, suspected or unsuspected, which may be released as a matter of law. Executive expressly waives and relinquishes any and all rights he/she may have under California Civil Code section 1542, which provides as follows:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

(b) Executive expressly waives and releases any rights and benefits which he/she has or may have under any similar law or rule of any other jurisdiction. It is the intention of each party through this Agreement to fully, finally and forever settle and release the Claims as set forth above. In furtherance of such intention, the release herein given shall be and remain in effect as a full and complete release of such matters notwithstanding the discovery of any additional Claims or facts relating thereto.

11. [If Executive is age 40 or over on Termination Date] Release of Federal Age Discrimination Claims by Executive. Executive hereby knowingly and voluntarily waives and releases all rights and claims, known or unknown, arising under the Age Discrimination In Employment Act of 1967, as amended, which he/she might otherwise have had against the Company or any of the Company Releasees regarding any actions which occurred prior to the date that Executive signed this Agreement, except that Executive is not prevented from cooperating in an investigation by the EEOC or from filing an EEOC charge other than for personal relief.

12. Release by Company and its Related Entities. The Company and its Related Entities hereby release and forever discharge Executive, from any and all waivable actions, causes of action, covenants, contracts, claims and demands of whatever character, nature and kind, whether known or unknown, which the Company and its Related Entities ever had, now have, or any of them hereafter can, shall or may have by reason of Executive's employment and/or his/her service as a director and/or officer of the Company and/or its Related Entities; provided, however, that this general release shall not apply, or be deemed or construed to apply, to (a) any of Executive's continuing obligations pursuant to this Agreement or the Employment Agreement, (b) criminal conduct or acts or omissions constituting willful misconduct or gross negligence by Executive during his/her employment with the Company, or (c) recoupment of all or a portion of any previously awarded bonus or equity award pursuant to the Company's Recoupment (Clawback) Policy that was in effect when the bonus was paid or the equity award vested or was exercised by Executive, whichever was later.

13. [If Executive is age 40 or over on Termination Date] Review and Revocation Rights. Executive hereby is advised of the following:

(a) Executive has the right to consult with an attorney before signing this Agreement and is encouraged by the Company to do so;

(b) Executive has twenty-one (21) days from his/her receipt of this Agreement to consider it; and

(c) Executive has seven (7) days after signing this Agreement to revoke this Agreement, and this Agreement will not be effective until that revocation period has expired without revocation. Executive agrees that in order to exercise his/her right to revoke this Agreement within such seven (7) day period, he/she must do so in a signed writing delivered to the Company's Board before the close of business on the seventh calendar day after he/she signs this Agreement.

14. Confidentiality of Agreement. After the execution of this Agreement by Executive, neither Executive, his/her attorney, nor any person acting by, through, under or in concert with them, shall disclose any of the terms of or amount paid under this Agreement (other than to state that the

Company has filed this Agreement and/or agreements related thereto as public documents) or the negotiation thereof to any individual or entity; provided, however, that the foregoing shall not prevent such disclosures by Executive to his/her attorney, tax advisors and/or immediate family members, as may be required by law, or in connection with Protected Activity (as defined in the Employment Agreement).

15. No Filings. Executive represents that he/she has not filed any lawsuits, claims, charges or complaints, which are pending as of the date hereof, against the Company Releasees with any local, state or federal agency or court from the beginning of time to the date of execution of this Agreement, and that Executive is not aware of any facts that would support any Claims or any compliance-related or code of ethics violations of any kind whatsoever against the Company Releasees, including without limitation any claims for any work-related injuries. If Executive hereafter commences, joins in, or in any manner seeks relief through any suit arising out of, based upon, or relating to any of the Claims released in this

Agreement, or in any manner asserts against the Company Releasees any of the Claims released in this Agreement, then Executive agrees to pay to the Company Releasees against whom such Claim(s) is asserted, in addition to any other damages caused thereby, all attorneys' fees incurred by the Company Releasees in defending or otherwise responding to the suit or Claim; provided, however, that this provision shall not obligate Executive to pay the Company Releasees' attorneys' fees in any action challenging the release of claims under the Older Workers Benefit Protection Act or the ADEA, unless otherwise allowed by law. If any governmental agency or court ever assumes jurisdiction over any such lawsuit, claim, charge or complaint and/or purports to bring any legal proceeding, in whole or in part, on behalf of Executive based upon events occurring prior to the execution of this Agreement, Executive will request such agency or court to withdraw from and/or to dismiss the lawsuit, claim, charge or complaint with prejudice.

16. Confidential and Proprietary Information. Executive acknowledges that certain information, observations and data obtained by him/her during the course of or related to his/her employment with the Company and its Related Entities (including, without limitation, projection programs, business plans, business matrix programs (*i.e.*, measurement of business), strategic financial projections, certain financial information, shareholder information, technology and product design information, marketing plans or proposals, personnel information, customer lists and other customer information) are the sole property of the Company and its Related Entities and constitute Proprietary Information as defined in Section 6 of the Employment Agreement. Executive represents and warrants that he/she has returned all files, customer lists, financial information and other property of the Company and its Related Entities that were in Executive's possession or control without retaining copies thereof (other than a copy of the Employee Handbook and personnel records relating to Executive's employment). Executive further represents and warrants that he/she does not have in his/her possession or control any files, customer lists, financial information or other property of the Company and its Related Entities. In addition to his/her promises in Section 6 of the Employment Agreement, Executive agrees that he/she will not disclose to any person or use any such information, observations or data without the written consent of the Board. If Executive is served with a deposition subpoena or other legal process calling for the disclosure of such information, or if he/she is contacted by any third person requesting such information, he/she will notify the Board as soon as is reasonably practicable after receiving notice and will reasonably cooperate with the Company and its Related Entities in minimizing the disclosure thereof; provided, that nothing in this Agreement will (i) affect Executive's obligations to testify truthfully in response to any subpoena or other legally required discovery proceeding or (ii) in any way limit or prohibit Executive from engaging in Protected Activity.

17. Prohibited Activities.

(a) Non-Solicitation of Customers and Other Business Partners. Executive recognizes that by virtue of his/her employment with the Company, he/she will be introduced to and involved in the solicitation and servicing of existing customers and other business partners of the Company and new customers and business partners obtained by the Company during his/her employment. Executive understands and agrees that all efforts expended in soliciting and servicing such customers and business partners shall be for the benefit of the Company. Executive further agrees that during his/her employment with the Company he/she will not engage in any conduct which could in any way jeopardize or disturb any of the customer and business partner relationships of the Company. In addition, to the extent permitted under applicable law, Executive agrees that, for a period beginning on the Effective Date and ending twelve (12) months after termination of Executive's employment with the Company, regardless of the reason for such termination, Executive shall not use any Proprietary Information to, directly or indirectly, solicit, direct, interfere with, or entice away from the Company any existing customer, licensee, licensor, vendor, contractor or distributor of the Company or for the customer or other business partner to expand its business with a competitor, without the prior written consent of the Board.

(b) Non-Solicitation of Employees. Executive recognizes the substantial expenditure of time and effort which the Company devotes to the recruitment, hiring, orientation, training and retention of its employees. Accordingly, Executive agrees that, for a period beginning on the Effective Date and ending twelve (12) months after termination of Executive's employment with the Company, regardless of the reason for such termination, Executive shall not use any Proprietary Information, directly or indirectly, for himself/herself or on behalf of any other person or entity, to solicit, offer employment to, hire or otherwise retain the services of any employee of the Company in a position classified as exempt from overtime pay requirements. For purposes of the foregoing, "employee of the Company" shall include any person who was an employee of the Company at any time within six (6) months prior to the prohibited conduct.

(c) Scope of Restrictions. Executive agrees that the restrictions in Sections 17 (a) and (b), above, are reasonable and necessary to protect the Company's trade secrets and that they do not foreclose Executive from working in the medical device industry generally. To the extent that any of the provisions in this Section 17 are held to be overly broad or otherwise unenforceable at the time enforcement is sought, Executive agrees that the provision shall be reformed and enforced to the greatest extent permissible by law. Executive further agrees that if any portion of this Section 17 is held to be unenforceable, that the remaining provisions of it shall be enforced as written.

18. **Remedies.** Executive acknowledges that any misuse of Proprietary Information belonging to the Company and its Related Entities, or any violation of Section 6 of the Employment Agreement, and any violation of Sections 14, 16 and 17 of this Agreement, will result in irreparable harm to the Company and its Related Entities, and therefore, the Company and its Related Entities shall, in addition to any other remedies, be entitled to immediate injunctive relief. To the extent there is any conflict between Section 6 of the Employment Agreement and this Section 18, the provision providing the greatest protection to the Company and its Related Entities shall control. In addition, in the event of a breach of any provision of this Agreement by Executive, including Sections 14, 16 and 17, Executive shall forfeit, and the Company and its Related Entities may withhold payment of any unpaid portion of, the Severance Benefits or Enhanced Severance Benefits provided under Section 5, above.

19. **Cooperation Clause.**

(a) To facilitate the orderly conduct of the Company and its Related Entities' businesses, for the twelve (12)-month period following the Effective Date, Executive agrees to cooperate, at no charge, with the Company and its Related Entities' reasonable requests for information or assistance related to the time of his/her employment.

(b) For the twelve (12)-month period following the Effective Date, Executive agrees to cooperate, at no charge, with the Company's and its Related Entities' and its or their counsel's reasonable requests for information or assistance related to (i) any investigations (including internal investigations) and audits of the Company's and its Related Entities' management's current and past conduct and business and accounting practices and (ii) the Company's and its Related Entities' defense of, or other participation in, any administrative, judicial, or other proceeding arising from any charge, complaint or other action which has been or may be filed relating to the period during which Executive was employed by the Company and its Related Entities. The Company will promptly reimburse Executive for his/her reasonable, customary and documented out-of-pocket business expenses in connection with the performance of his/her duties under this Section 19. Except as required by law or authorized in advance by the Board of Directors of the Company, Executive will not communicate, directly or indirectly, with any third party other than Executive's legal counsel, including any person or representative of any group of people or entity who is suing or has indicated that a legal action against the Company and its Related Entities or any of their directors or officers is being contemplated, concerning

the management or governance of the Company and its Related Entities, the operations of the Company and its Related Entities, the legal positions taken by the Company and its Related Entities, or the financial status of the Company and its Related Entities. If asked about any such individuals or matters, Executive shall say: "I have no comment," and shall direct the inquirer to the Company. Executive acknowledges that any violation of this Section 19 will result in irreparable harm to the Company and its Related Entities and will give rise to an immediate action by the Company and its Related Entities for injunctive relief.

20. **No Future Employment.** Executive understands that his/her employment with the Company and its Related Entities will irrevocably end as of the Termination Date and will not be resumed at any time in the future. Executive agrees that he/she will not apply for, seek or accept employment by the Company and its Related Entities at any time, unless invited to do so by the Company and its Related Entities.

21. **Tax Issues.** The parties agree that the payments and benefits provided under this Agreement, and all other contracts, arrangements or programs that apply to him/her, shall be subject to Section 16 of the Employment Agreement.

22. **Non-disparagement**. Executive agrees not to criticize, denigrate, or otherwise disparage the Company and its Related Entities, or any of their directors, officers, products, processes, experiments, policies, practices, standards of business conduct, or areas or techniques of research. The Company agrees not to authorize or condone denigrating or disparaging statements about Executive to any third party, including by press release or other formally released announcement. Factually accurate statements in legal or public filings shall not violate this provision. In addition, nothing in this Section 22 shall prohibit Executive or the Company or the Board, or any of their employees or members from complying with any lawful subpoena or court order or taking any other actions affirmatively authorized by law.

23. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California, without giving effect to principles of conflict of laws.

24. **Dispute Resolution.** The parties hereby agree that all disputes, claims or controversies arising from or otherwise in connection with this Agreement (except for injunctive relief sought by either party) between them and between Executive and any of the Company's affiliated entities and the successor of all such entities, and any director, stockholder or employee of the Company will be resolved in accordance with Section 13 of the Employment Agreement, except for its attorneys' fee provision.

25. **Attorneys' Fees.** Except as otherwise provided herein, in any action, litigation or proceeding between the parties arising out of or in relation to this Agreement, including any purported breach of this Agreement, the prevailing party shall be entitled to an award of its costs and expenses, including reasonable attorneys' fees.

26. **Non-Admission of Liability.** The parties understand and agree that neither the payment of any sum of money nor the execution of this Agreement by the parties will constitute or be construed as an admission of any wrongdoing or liability whatsoever by any party.

27. **Severability.** If any one or more of the provisions contained herein (or parts thereof), or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity and enforceability of any such provision in every other respect and of the remaining provisions hereof will not be in any way impaired or affected, it being intended that all of the rights and privileges shall be enforceable to the fullest extent permitted by law.

28. **Entire Agreement.** This Agreement represents the sole and entire agreement among the parties and, except as expressly stated herein, supersedes all prior agreements, negotiations and discussions among the parties with respect to the subject matters contained herein.

29. **Waiver.** No waiver by any party hereto at any time of any breach of, or compliance with, any condition or provision of this Agreement to be performed by any other party hereto may be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time.

30. **Amendment.** This Agreement may be modified or amended only if such modification or amendment is agreed to in writing and signed by duly authorized representatives of the parties hereto, which writing expressly states the intent of the parties to modify this Agreement.

31. **Counterparts.** This Agreement may be executed in counterparts, each of which will be deemed to be an original as against any party that has signed it, but both of which together will constitute one and the same instrument.

32. **Assignment.** This Agreement inures to the benefit of and is binding upon the Company and its successors and assigns, but Executive's rights under this Agreement are not assignable, except to his/her estate.

33. **Notice.** All notices, requests, demands, claims and other communications hereunder shall be in writing and shall be deemed to have been duly given (a) if personally delivered or delivered by overnight courier; (b) if sent by electronic mail, telecopy or facsimile (except for legal process); or (c) if mailed by overnight or by first class, United States certified or registered mail, postage prepaid, return receipt requested, and properly addressed as follows:

If to the Company: Accuray Incorporated
1310 Chesapeake Terrace
Sunnyvale, California 94089
Attn: Board of Directors
c/o Corporate Secretary
Fax No. (408) 789-4205

If to Executive: Address: most recent on file with the Company
Email: most recent on file with the Company

Such addresses may be changed, from time to time, by means of a notice given in the manner provided above. Notice will conclusively be deemed to have been given when personally delivered (including, but not limited to, by messenger or courier); or if given by mail, on the third business day after being sent by first class, United States certified or registered mail; or if given by Federal Express or other similar overnight service, on the date of delivery; or if given by electronic mail, telecopy or facsimile machine during normal business hours on a business day, when confirmation of transmission is indicated by the sender's machine; or if given by electronic mail, telecopy or facsimile machine at any time other than during normal business hours on a business day, the first business day following when confirmation of transmission is indicated by the sender's machine. Unless otherwise agreed, notices, requests, demands and other communications delivered to legal counsel of any party hereto, whether or not such counsel shall consist of in-house or outside counsel, shall not constitute duly given notice to any party hereto.

34. **Miscellaneous Provisions.**

(a) The parties represent that they have read this Agreement and fully understand all of its terms; that they have conferred with their attorneys, or have knowingly and voluntarily chosen not to confer with their attorneys about this Agreement; that they have executed this Agreement without coercion or duress of any kind; and that they understand any rights that they have or may have, and they are signing this Agreement with full knowledge of any such rights.

(b) Both parties have participated in the drafting of this Agreement with the assistance of counsel to the extent they desired. The language in all parts of this Agreement must be in all cases construed simply according to its fair meaning and not strictly for or against any party. Whenever the context requires, all words used in the singular must be construed to have been used in the plural, and vice versa, and each gender must include any other gender. The captions of the Sections of this Agreement are for convenience only and must not affect the construction or interpretation of any of the provision herein.

(c) Each provision of this Agreement to be performed by a party hereto is both a covenant and condition, and is a material consideration for the other party's performance hereunder, and any breach thereof by the party will be a material default hereunder. All rights, remedies, undertakings, obligations, options, covenants, conditions and agreements contained in this Agreement are cumulative and no one of them is exclusive of any other. Time is of the essence in the performance of this Agreement.

(d) Each party acknowledges that no representation, statement or promise made by any other party, or by the agent or attorney of any other party, except for those in this Agreement, has been relied on by him/her or it in entering into this Agreement.

(e) Unless expressly set forth otherwise, all references herein to a "day" are deemed to be a reference to a calendar day. All references to "business day" mean any day of the year other than a Saturday, Sunday or a public or bank holiday in Orange County, California. Unless expressly stated otherwise, cross-references herein refer to provisions within this Agreement and are not references to any other document.

(f) Each party to this Agreement will cooperate fully in the execution of any and all other documents and in the completion of any additional actions that may be necessary or appropriate to give full force and effect to the terms and intent of this Agreement.

EACH OF THE PARTIES ACKNOWLEDGES THAT HE/SHE/IT HAS READ THIS AGREEMENT, UNDERSTANDS IT AND IS VOLUNTARILY ENTERING INTO IT, AND THAT IT INCLUDES A WAIVER OF THE RIGHT TO A TRIAL BY JURY, AND, WITH RESPECT TO EXECUTIVE, HE/SHE UNDERSTANDS THAT THIS AGREEMENT INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.

(*Signature page follows*)

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the dates written below.

EXECUTIVE: _____

Date: _____

COMPANY: Accuray Incorporated

By: _____
Name: _____
Title: _____

Date: _____

Exhibit B

SECTION 7 OF THE DEFEND TRADE SECRETS ACT OF 2016

" . . . An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that—(A) is made—(i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. . . . An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual—(A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order."

EXECUTIVE EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is entered into and effective as of May 18, 2017 ("Effective Date"), by and between Accuray International Sàrl, a Swiss limited liability company (the "Company"), and Lionel Hadjadjeba ("Executive").

RECITALS

A. The Company is a fully owned subsidiary of Accuray Incorporated (the "Parent"). The Company, the Parent and any Affiliate (as defined below) are collectively referred to as the "Accuray Group". The Accuray Group is in the business of developing, manufacturing and selling radiation oncology, including radio surgery and radiation therapy, technologies and devices (the "Business").

B. The Company wishes to employ Executive to serve as Senior Vice President, Chief Commercial Officer and Executive desires to serve the Company in such capacity pursuant to the terms and conditions in this Agreement.

C. As of the Effective Date, Executive has commenced full-time employment with the Company.

NOW, THEREFORE, the parties agree as follows:

1. Position and Duties.

(a) During the term of this Agreement, Executive will be employed by the Company to serve as Senior Vice President, Chief Commercial Officer of the Company, reporting to the Chief Executive Officer of the Company. Executive will be responsible for: (i) performing the duties and responsibilities customarily expected to be performed by such position and (ii) performing such other duties and functions as are reasonably required and/or as may be reasonably prescribed by the Company from time to time.

(b) The location of Executive's employment will be the Company's headquarters offices, but Executive from time to time may be required to travel to other geographic locations in connection with the performance of his/her duties, including but not limited to the Parent's headquarters offices in the United States.

2. Standards of Performance. Executive will at all times faithfully, industriously and to the best of his/her ability, experience and talents perform all of the duties required of and from him/her pursuant to the terms of this Agreement. Executive will devote his/her full business energies and abilities and all of his/her business time to the performance of his/her duties hereunder and will not, without the Company's prior written consent, render to others any service of any kind (whether or not for compensation) that, in the Company's sole but reasonable judgment, would interfere with the full performance of his/her duties hereunder. Notwithstanding the foregoing, Executive is permitted to spend reasonable amounts of time to manage his/her personal financial and legal affairs and, with the Company's consent which will not be unreasonably withheld, to serve on one civic, charitable, not-for-profit, industry or corporate board or advisory committee, provided that such activities, individually and collectively, do not materially interfere with the performance of Executive's duties hereunder. In no event will Executive engage in any activities that could reasonably create a conflict of interest or the appearance of a conflict of interest. Executive shall be subject to the Company's policies, procedures and approval practices, as generally in effect from time to time. If Executive performs overtime, he/she shall

neither be entitled to a financial compensation nor to compensation by free time, the same being expressly included in the compensation and benefits set forth in Section 4 below.

3. Term.

(a) Term of Agreement. Subject to Section 3(b), this Agreement will have an initial term commencing on the Effective Date and ending on December 31, 2019 (the "Initial Term"). Thereafter, but still subject to Section 3(b), this Agreement will renew automatically for additional three (3) year terms (each, an "Additional Term" and together with the Initial Term, the "Term"), unless either party provides the other party with written notice of non-renewal at least sixty (60) days prior to the date of automatic renewal; provided, however, that if the Parent (and/or its subsidiaries, including but not limited to the Company) enters into a definitive agreement to be acquired and the transactions contemplated thereby would result in the occurrence of a Change in Control (as defined below) if consummated, then the Company will no longer be permitted to provide Executive with written notice to not renew this Agreement unless such definitive agreement is terminated without the Change in Control being consummated. If the Change in Control is consummated, the Agreement will continue in effect through the longer of the date that is twelve (12) months following the effective date of the Change in Control or the remainder of the Term then in effect (for purposes of clarification, it will be possible for the Term of the Agreement to automatically extend after the Parent (and/or its subsidiaries, including but not limited to the Company) enters into the definitive agreement, but before the Change in Control is consummated). If the definitive agreement is terminated without the transactions contemplated thereby having been consummated and at the time of such termination there is at least twelve (12) months remaining in the Term, the Agreement will continue in effect for the remainder of the Term then in effect, but if there is less than twelve (12) months remaining in the Term then in effect, the Agreement will automatically extend for an additional three (3) years from the date the definitive agreement is terminated. If Executive becomes entitled to benefits under Section 5 during the term of this Agreement, the Agreement will not terminate until all of the obligations of the parties hereto with respect to this Agreement have been satisfied.

(b) At-Will Employment. The Company and Executive acknowledge that, notwithstanding the foregoing, Executive's employment is and will continue to be at-will, as defined under applicable law. As an at-will employee, either the Company or the Executive may terminate the employment

relationship at any time, with or without cause; provided, however, that in connection with such termination, the Company will provide Executive with any applicable benefits under Section 5 to which Executive is entitled, all in accordance with the terms and conditions thereof.

4. Compensation and Benefits.

(a) Base Salary. As an annual base salary ("Base Salary") for all services rendered pursuant to this Agreement, Executive will be paid an initial Base Salary in the gross amount of CHF 551,972 calculated on an annualized basis, less necessary withholdings and authorized deductions, and payable pursuant to the Company's regular payroll practices at the time. The Base Salary is first subject to review and adjustment within the first three (3) months after the end of the fiscal year that includes the Effective Date, and, thereafter, subject to periodic review and adjustment not less frequently than annually within the first three (3) months after the end of the next successive fiscal year, in the sole discretion of the Company. Executive's Base Salary will not be reduced from the level in effect from time to time, except that the Base Salary may be reduced in connection with a salary reduction program of general application to senior executives of the Accuray Group where each experiences a substantially similar reduction on a percentage basis.

(b) Performance Bonus. During Executive's employment under this Agreement, Executive will be eligible for a performance bonus, subject to the terms and conditions of the Parent's Performance Bonus Plan, which is applicable to senior executives of the Accuray Group. The target amount of Executive's annual bonus is sixty percent (60%) of Executive's annual Base Salary (as defined in the Performance Bonus Plan as then in effect), such percentage to be prorated for fiscal year 2017 in the manner determined by the Compensation Committee of the Parent's Board of Directors. However, payment of the performance bonus will be conditioned on the Company's and/or the Accuray Group's achievement of corporate performance objectives approved by the Parent and on the Executive's achievement of individual performance metrics to be established annually and approved by the Parent, all as established pursuant to the Performance Bonus Plan as then in effect, and the bonus may be zero. For the avoidance of doubt, the performance bonus will be payable only if the corporate and/or individual performance objectives approved by the Parent are achieved as determined by the Parent, subject to the Parent's right to exercise discretion in determining the amount of the bonus to be awarded, if any, as set forth in the Performance Bonus Plan then in effect. To encourage continued tenure with the Company, Executive must be employed by the Company as of the payment date to be eligible for a performance bonus for the year to which the bonus relates, unless otherwise provided in Section 5. Performance bonuses will be paid out according to the terms of the Performance Bonus Plan.

(c) Car Reimbursement. If Executive decides to use his personal vehicle for Company business, the Company will pay Executive a car allowance of CHF 2,000 per month, less necessary withholdings and authorized deductions, and payable pursuant to the Company's regular payroll practices at the time. Executive shall be responsible for all insurance, repair, operational and maintenance costs of Executive's personal vehicle.

(d) Equity Incentive Awards.

(i) Stock Options. The Parent may grant to Executive the option to purchase shares of the Parent's common stock ("Options") pursuant to the Accuray Incorporated 2016 Equity Incentive Plan (the "Incentive Plan"). All Options shall be subject to the terms and conditions of the Incentive Plan and a stock option grant notice and grant agreement in a form prescribed by the Company and/or the Parent, which Executive must sign as a condition to receiving the Options.

(ii) Restricted Stock Units. The Parent may grant to Executive restricted stock units ("RSUs") pursuant to the Incentive Plan. All RSUs are subject to and conditioned on approval of the grant and its terms by the Parent's Board of Directors (the "Board"). All RSUs shall be subject to the terms and conditions of the Incentive Plan and a RSU grant notice and grant agreement in a form prescribed by the Company and/or the Parent, which Executive must sign as a condition to receiving the RSUs.

(iii) Market Stock Units. The Parent may grant to Executive performance-based market stock units ("MSUs") pursuant to the Incentive Plan. All MSUs are subject to and conditioned on approval of the grant and its terms by the Board. All granted MSUs shall vest as provided in the applicable MSU grant notice and grant agreement ("MSU Agreement"). All MSUs shall be subject to the terms and conditions of the Incentive Plan and a MSU Agreement in a form prescribed by the Company and/or the Parent, which Executive must sign as a condition to receiving the MSUs.

(iv) Performance Stock Units. The Company may grant to Executive performance stock units ("PSUs") pursuant to the Incentive Plan. All PSUs are subject to and conditioned on approval of the grant and its terms by the Board. All granted PSUs shall vest as provided in the applicable PSU grant notice and grant agreement ("PSU Agreement"). All PSUs shall be subject to the

terms and conditions of the Incentive Plan and a PSU Agreement in a form prescribed by the Company and/or the Parent, which Executive must sign as a condition to receiving the PSUs.

(e) Paid Time Off and Benefits. Executive will accrue and be allowed to use paid time off for vacation, illness and holidays pursuant to the Company's policies that apply to executive officers of the Company. In addition, Executive will be entitled to participate in any plans regarding benefits of employment, including pension, profit sharing, group health, disability insurance and other employee pension and welfare benefit plans now existing or hereafter established to the extent that Executive is eligible under the terms of such plans and if the other executive officers of the Company generally are eligible to participate in such plan. The Company may, in its sole discretion and from time to time, establish additional senior management benefit plans as it deems appropriate. Executive understands that any such plans may be modified or eliminated in the Company's sole discretion in

accordance with applicable law, provided that no such modification or elimination shall result in reducing or eliminating any benefits in which Executive's right has vested.

(f) Reimbursement of Business Expenses. The Company will promptly reimburse to Executive his/her reasonable, customary and documented out-of-pocket business expenses in connection with the performance of his/her duties under this Agreement, and in accordance with the policies and procedures established by the Company; provided that each reimbursement shall be requested within two (2) months after being incurred.

(g) Sarbanes-Oxley Act Loan Prohibition and Company Compensation-Related Polices. To the extent that any Company benefit, program, practice, arrangement or this Agreement would or might otherwise result in Executive's receipt of an illegal loan (the "Loan"), for instance pursuant to the United States Sarbanes-Oxley Act, the Company shall use commercially reasonable efforts to provide Executive with a substitute for the Loan that is lawful and of at least equal value to Executive. If this cannot be done, or if doing so would be significantly more expensive to the Company than making the Loan, the Company need not make the Loan to Executive or provide him/her a substitute for it. Further, Executive acknowledges that any bonus or equity award provided for in this Agreement or otherwise awarded to him/her shall be subject to the Accuray Group's policies regarding recoupment and clawback, as such policies may be amended from time to time, and agrees in particular that he/she will be subject to, and shall comply with, the Parent's stock ownership requirements which are set forth in the Parent's Amended and Restated Corporate Governance Guidelines, as such requirements may be amended from time to time, and the Parent's Insider Trading Policy, as amended from time to time.

5. Termination of Employment.

(a) By Company Without Cause. Subject to the last paragraph of this Section 5(a), the Company may terminate Executive's employment without Cause (as defined below) effective on one (1) month's written notice (such one (1) month period, the "Notice Period", and such notice, the "Termination Notice"), during which notice period Executive may be relieved of his/her duties and placed on paid terminal leave. In such event and subject to the other provisions of this Agreement, Executive will be entitled to:

(i) continued coverage under the Company's insurance benefit plans through the termination date and such other benefits to which he/she may be entitled pursuant to the Company's benefit plans, provided, however, that Executive shall not participate in any severance plan of the Company;

(ii) payment of all earned but unpaid compensation (including accrued unpaid vacation) through the effective date of termination, payable on or before the termination date; and

(iii) reimbursement of expenses incurred on or before the termination date in accordance with Section 4(f), above, if a request for reimbursement of the expenses was timely submitted to the Company; plus

(iv) payment of the equivalent of the Base Salary without regard to any reduction that would otherwise constitute Good Reason he/she would have earned over the next six (6) months following the termination date (less necessary withholdings and authorized deductions) at his/her then current Base Salary rate (the "Severance Payment"), payable in a lump sum on the first regularly scheduled payroll date following the date the Release (as defined below) becomes effective and irrevocable (the "Release Effective Date"), but in any event within ten (10) business days of the Release Effective Date and subject to Section 16, below;

(v) payment of a prorated portion of the actual bonus Executive would have otherwise received for the fiscal year during which the termination occurs, as if Executive had remained employed by the Company through the date that would have otherwise been required to earn the bonus, but without the Company, the Board or any committee of the Board exercising any negative discretion to reduce the amount of the award, calculated by dividing the number of days from the start of the fiscal year through the termination date by 365 and multiplying the amount of such actual bonus Executive would have otherwise received by this percentage (but not by more than 100%), and paid at the same time as bonuses are paid to other Accuray Group executives that are similarly situated to Executive; provided, however, that if the termination date is after the seventh month of the fiscal year, the actual bonus will not be prorated and Executive will receive 100% of such actual bonus Executive would have otherwise received for that fiscal year at the same time as bonuses are paid to other Accuray Group executives that are similarly situated to Executive;

(vi) subject to Section 5(g), reimbursement of insurance premiums payable to retain group health coverage as of the termination date for himself/herself and his/her eligible dependents pursuant to the United States Consolidated Omnibus Budget Reconciliation Act of 1986 ("COBRA", such term to include expressly any similar local regulations applicable to the Executive if not directly or indirectly subject to the COBRA) for six (6) months or the maximum period of COBRA coverage, whichever is less; provided that Executive must submit a reimbursement request in accordance with Company policy within thirty (30) days of paying such insurance premiums. The Company will reimburse the executive within thirty (30) days of receiving a properly submitted request. In addition, if Executive accepts other employment within such six (6) months, the Company's obligation under this Section 5(a)(vi) will be extinguished as of the date Executive becomes covered under the group health plan of Executive's new employer; and

(vii) payment for executive outplacement assistance services with the Company's then current outplacement services vendor and in accordance with the Company's then current policies and practices with respect to outplacement assistance for other executives of the Company for up to twelve (12) months after the termination date.

The payments and benefits set forth in Sections 5(a)(i)-(iii) shall be referred to as the "Accrued Benefits", and the payments and benefits set forth in Sections 5(a)(iv)-(vii) shall be referred to as the "Severance Benefits". Executive shall not receive the Severance Benefits or the "Enhanced Severance Benefits" as provided in Section 5(e), unless Executive executes the separation agreement and general release attached as Exhibit A (the "Release"), and the same becomes irrevocable pursuant to its terms within the 60-day period following his/her termination of employment.

(b) By Company With Cause. The Company may terminate Executive's employment at any time and without prior notice, written or otherwise, for Cause. As used in this

Agreement, "Cause" shall mean any of the following conduct by Executive: (i) material breach of this Agreement, or of a Company policy or of a law, rule or regulation applicable to the Company or its operations; (ii) demonstrated and material neglect of duties, or failure or refusal to perform the material duties of his/her position, or the failure to follow the reasonable and lawful instructions of the Company; (iii) gross misconduct or dishonesty, self-dealing, fraud or similar conduct that the Company reasonably determines has caused, is causing or reasonably is likely to cause harm to the Company; or (iv) conviction of or plea of guilty or *nolo contendere* to any crime other than a traffic offense that is not punishable by a sentence of incarceration. Termination pursuant to Section 5(b)(ii) shall be effective only if such failure continues after Executive has been given written notice thereof and fifteen (15) business days thereafter in which to present his/her position to the Company or to cure the same, unless the Company reasonably determines that the reason(s) for termination are not capable of being cured. In the event of termination for Cause, Executive will be entitled only to the Accrued Benefits through the termination date, which will be the date on which the notice is given. The Company will have no further obligation to pay any compensation of any kind (including without limitation any bonus or portion of a bonus that otherwise may have become due and payable to Executive with respect to the year in which such termination date occurs), or severance payment of any kind nor to make any payment in lieu of notice.

(c) Incapacity or Death.

(i) If Executive becomes unable, due to physical or mental illness or injury, to perform the essential duties of his/her position for more than twelve (12) consecutive weeks in any twelve (12) month period during this Agreement with or without reasonable accommodation ("Incapacity"), the Company has the right to terminate Executive's employment on a one month's written notice; provided however that no notice of termination can be served by the Company during the proscribed periods of article 336*c* of the Swiss Code of Obligations ("SCO"). In the event of termination for Incapacity, (i) Executive will be entitled to receive the Accrued Benefits, (ii) any unvested equity awards previously granted to Executive that are scheduled to vest based solely on the achievement of service-based conditions ("Time-based Equity Awards") shall become immediately vested to the extent that such Time-based Equity Awards would have vested within six (6) months after the date of termination had such Time-based Equity Awards had vesting schedules that provided for pro-rata vesting on a monthly basis over the entirety of the vesting schedule, and (iii) with respect to any equity awards that are scheduled to vest based on the achievement of performance-based conditions (which may include additional service-based conditions) ("Performance-based Equity Awards") for which the performance period is scheduled to end within six (6) months after the date of termination, each such Performance-based Equity Award will remain outstanding until the date the Compensation Committee of the Board (the "Compensation Committee") determines whether the applicable performance condition is achieved (provided that in no event will such Performance-based Equity Award remain outstanding beyond the Performance-based Equity Award's maximum term to expiration) and will vest in accordance with its terms to the extent such performance condition is achieved; and

(ii) Executive's employment pursuant to this Agreement shall be immediately terminated without notice by the Company upon the death of Executive. If Executive dies while actively employed pursuant to this Agreement, (i) the Company will pay to his/her estate or designated beneficiaries within sixty (60) days the Accrued Benefits as well as any amount due under article 338, para. 2 SCO as the case may be, (ii) any unvested Time-based Equity Awards shall become immediately vested to the extent that such Time-based Equity Awards would have vested within six (6) months after the date of termination had such Time-based Equity Awards had vesting schedules that provided for pro-rata vesting on a monthly basis over the entirety of the vesting schedule, and (iii) with respect to any Performance-based Equity Awards for which the performance period is scheduled to end within six (6) months after the date of termination, each such Performance-based Equity Award will remain outstanding until the date the Compensation Committee determines whether the applicable

performance condition is achieved (provided that in no event will such Performance-based Equity Award remain outstanding beyond the Performance-based Equity Award's maximum term to expiration) and will vest in accordance with its terms to the extent such performance condition is achieved.

(d) Resignation for Good Reason. Executive may terminate this Agreement for Good Reason (as defined below) by giving written notice to the Company of such termination, subject to Executive complying with the notice, cure period and other requirements set forth within the definition of Good Reason below. As used in this Agreement, "Good Reason" shall mean the occurrence of any one of the following without Executive's written consent: (i) a material reduction in Executive's Base Salary and/or a material breach of this Agreement by the Company resulting from the failure to provide the benefits required in Section 4, (ii) any action or inaction that constitutes a material breach by the Company of this Agreement; (iii) a material diminution in Executive's authority, duties or responsibilities such that they are materially inconsistent with his/her position as Senior Vice President, Chief Commercial Officer of the Company; and (iv) relocation of the Company's headquarters to a location that materially increases Executive's commute, provided that no termination for Good Reason shall be effective until Executive has given the Company written notice (pursuant to Section 11 below) within sixty (60) days after Executive becomes aware of the initial occurrence of any of the foregoing specifying the event or condition constituting the Good Reason and the specific reasonable cure requested by Executive, and the Company has failed to cure the occurrence within thirty (30) days of receiving written notice from Executive, and Executive resigns within six (6) months after Executive becomes aware of the initial occurrence. In the event of a termination for Good Reason, Executive will be entitled to the Accrued Benefits and the Severance Benefits, on the same conditions, form of payment and timing as set forth in Section 5(a).

(e) Effect of Change in Control. If the Company terminates Executive's employment with the Company without Cause (excluding due to Executive's death or Incapacity) or if Executive resigns from such employment for Good Reason, and, in each case, such termination occurs during the Change in Control Period (as defined below), Executive will be entitled to the Accrued Benefits, and subject to the same conditions set forth in the final paragraph of Section 5(a), (i) four times the Severance Payment set forth in Section 5(a)(iv), paid in the same form (i.e., a lump sum) and at the same time as the Severance Payments set forth in Section 5(a)(iv), (ii) subject to Section 5(g), the reimbursement of Executive's insurance premiums for twelve (12) months in the same form and at the same time and under the same conditions as provided in Section 5(a)(vi), (iii) a taxable monthly payment (which may be

used for any purpose) equal to the actual COBRA reimbursement payment that Executive receives under Section 5(e)(ii) for any particular month, (iv) two hundred percent (200%) of Executive's target bonus for the fiscal year during which termination occurs, but no less than two hundred percent (200%) of the target bonus in effect for the fiscal year immediately prior to the Change in Control if the Change in Control occurs within the first three (3) months of the fiscal year, payable at the same time as the payment under clause (i) of this Section 5(e), (v) all outstanding unvested equity awards previously granted to Executive shall become immediately vested (the "Enhanced Severance Benefits"), and (vi) payment for executive outplacement assistance services with the Company's then current outplacement services vendor and in accordance with the Company's then current policies and practices with respect to outplacement assistance for other executives of the Company for up to twelve (12) months after the termination date.

For the avoidance of doubt, if Executive's termination without Cause (excluding due to Executive's death or Incapacity) or resignation for Good Reason occurs prior to a Change in Control, then any unvested portion of Executive's outstanding equity awards will remain outstanding until the earlier of (i) the date that is three (3) months following the termination of Executive's termination or (ii) the date that a Change in Control occurs (provided that in no event will any of Executive's equity awards remain outstanding beyond the equity award's maximum term to expiration). In the event that a Change in

Control does not occur by the date that is three (3) months following the termination of Executive's employment, any unvested portion of Executive's equity awards automatically will be forfeited permanently without having vested. Further, for any Performance-based Equity Awards, the performance-based vesting component of the equity awards shall not be deemed to be automatically achieved as a result of the application of Section 5(e)(v) but will remain outstanding during the three (3) month period following Executive's termination or through the date of the Change in Control, as applicable, to determine whether a Change in Control would have occurred within three (3) months of the termination of Executive's employment and, if so, the extent to which the performance condition is achieved, such determination to be made in accordance with the procedures set forth in the applicable award agreement. If the performance condition is satisfied and that would cause the award to become eligible to vest based on continued service, then clause (v) of this Section 5(e) will cause the service-based vesting component to be deemed satisfied and the vesting of the equity award will be accelerated as to the portion of the award that became eligible to vest. For clarity, if there is no service-based condition that applies with respect to any portion of such equity award upon such satisfaction of the performance condition, such portion of the equity award will immediately vest upon such satisfaction of the performance condition.

For the sake of clarity, if any payments or benefits are payable under this Section 5(e), no payments or benefits shall be made under any other subsection of this Section 5, including Section 5(a) and Section 5(d), and any Enhanced Severance Benefits will be reduced by any Severance Benefits that may have been paid or provided with respect to any termination triggering Severance Benefits that occurs during the three-month period prior to a Change in Control (this provision, the "**Non-duplication Provision**").

As used in this Agreement, a "Change in Control" shall mean any of the following events:

(i) the acquisition by any Group or Person (as such terms are defined in Section 13(d) or 14(d) of the United States Securities Exchange Act of 1934, as amended (the "1934 Act")), other than (A) a trustee or other fiduciary holding securities of the Parent under an employee benefit plan of the Company and/or of the Parent or (B) an entity in which the Parent directly or indirectly beneficially owns fifty percent (50%) or more of the voting securities of such entity (an "Affiliate"), of any securities of the Parent, immediately after which such Group or Person has beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of fifty percent (50%) or more of (X) the outstanding shares of Common Stock or (Y) the combined voting power of the Parent's then outstanding securities entitled to vote generally in the election of directors;

(ii) the Parent (and/or its subsidiaries, including but not limited to the Company) is a party to a merger or consolidation with a Person other than an Affiliate, which merger or consolidation results in (a) the holders of voting securities of the Parent outstanding immediately before such merger or consolidation failing to continue to represent (either by remaining outstanding or being converted into voting securities of the surviving entity) fifty percent (50%) or more of the combined voting power of the then outstanding voting securities of the corporation or entity resulting from or surviving such merger or consolidation or (b) individuals who are directors of the Parent just prior to such merger or consolidation not constituting more than fifty percent (50%) of the members of the Board of Directors of the surviving entity or corporation immediately after the consummation of such merger or consolidation; or

(iii) all or substantially all of the assets of the Parent and its subsidiaries (including but not limited to the Company) are, in any transaction or series of transactions, sold or otherwise disposed of (or consummation of any transaction, or series of related transactions, having similar effect), other than to an Affiliate;

provided, however, that in no event shall a "Change in Control" be deemed to have occurred for purposes of this Agreement solely because the Parent engages in an internal reorganization, which may include a transfer of assets to, or a merger or consolidation with, one or more Affiliates. Additionally, with respect to the payment of any "nonqualified deferred compensation" within the meaning of section 409A of the United States Internal Revenue Code of 1986, as amended (the "Code"), that is not exempt from section 409A of the Code, no event shall constitute a Change in Control unless it also constitutes a change in the ownership of the Parent (as defined in the United States Treasury Regulation section 1.409A-3(i)(5)(v)), a change in effective control of the Parent (as defined in the United States Treasury Regulation section 1.409A-3(i)(5)(vi)), or a change in the ownership of a substantial portion of the assets of the Parent (as defined in the United States Treasury Regulation section 1.409A-3(i)(5)(vii)).

As used in this Agreement, a "Change in Control Period" shall mean the period beginning three (3) months prior to, and ending twelve (12) months following, a Change in Control.

(f) Voluntary Resignation without Good Reason. Executive may terminate this Agreement without Good Reason effective on one (1) month's written notice, unless the Company in its sole discretion accepts the resignation earlier. In the event that Executive resigns without Good Reason as defined above in Section 5(d), Executive will be entitled only to the Accrued Benefits through the termination date. The Company will have no further obligation to pay any compensation of any kind (including without limitation any bonus or portion of a bonus that otherwise may have become due and payable to Executive with respect to the year in which such termination date occurs unless he/she remains employed with the Company as of the date bonuses are paid to other senior executives of the Company), or severance payments of any kind.

(g) If the Company determines in its sole discretion that it cannot make the COBRA reimbursements under Section 5(a)(vi) or Section 5(e)(ii) (the "COBRA Reimbursements") without potentially violating applicable law (including, without limitation, Section 2716 of the United States Public Health Service Act), the Company will in lieu thereof provide to Executive a taxable monthly payment, payable on the last day of a given month, in an amount equal to the monthly COBRA premium that the Executive would be required to pay to continue the Executive's group health coverage in effect on the termination of employment date (which amount will be based on the premium for the first month of COBRA continuation coverage), which payments will be made regardless of whether the Executive elects COBRA continuation coverage and will commence on the month following the Executive's termination of employment and will end on the earlier of (x) the date upon which the Executive obtains other employment or (y) the date the Company has paid an amount equal to (A) 6 payments if Executive is receiving the Severance Benefits pursuant to Section 5(a) or (B) subject to the Non-duplication Provision, 12 payments if Executive is receiving the Enhanced Severance Benefits pursuant to Section 5(e). For the avoidance of doubt, such taxable payments in lieu of COBRA Reimbursements (the "COBRA Substitute Payments") may be used for any purpose, including, but not limited to continuation coverage under COBRA, and will be subject to all applicable tax withholding.

6. Proprietary Information Obligations.

(a) Proprietary Information and Confidentiality. Both before and during the term of Executive's employment, Executive will have access to and become acquainted with Company confidential and proprietary information (together "Proprietary Information"), including but not limited to information or plans concerning the Company's, the Parent's and/or the Accuray Group's products and technologies; customer relationships; personnel; sales, marketing and financial operations and methods; trade secrets; formulae and secret developments and inventions; processes; and other compilations of information, records, and specifications. Executive will not disclose any of the Proprietary Information directly or indirectly, or use it in any way, either during his/her employment pursuant to this Agreement

or at any time thereafter, except as reasonably required or specifically requested in the course of his/her employment with the Company or as authorized in writing by the Company. Notwithstanding the foregoing, Proprietary Information does not include information that is otherwise publicly known or available, provided it has not become public as a result of a breach of this Agreement or any other agreement Executive has to keep information confidential. It is not a breach of this Agreement for Executive to disclose Proprietary Information (i) pursuant to an order of a court or other governmental or legal body or (ii) in connection with Protected Activity (as defined below). Executive understands that nothing in this Agreement shall in any way limit or prohibit Executive from engaging in any Protected Activity. For purposes of this Agreement, "Protected Activity" means filing a charge or complaint with, or otherwise communicating or cooperating with or participating in any investigation or proceeding that may be conducted by any federal, state or local court or government agency or commission, including the United States Securities and Exchange Commission, the United States Equal Employment Opportunity Commission, the United States Occupational Safety and Health Administration, the United States National Labor Relations Board and any Swiss government bodies or agencies ("Government Agencies"). Executive understands that in connection with such Protected Activity, Executive is permitted to disclose documents or other information as permitted by law, and without giving notice to, or receiving authorization from, the Company. Notwithstanding, in making any such disclosures or communications, Executive agrees to take all reasonable precautions to prevent any unauthorized use or disclosure of any information that may constitute Proprietary Information to any parties other than the Government Agencies. Executive further understands that "Protected Activity" does not include the disclosure of any Company attorney-client privileged communications. In addition, Executive hereby acknowledges that the Company has provided Executive with notice in compliance with the United States Defend Trade Secrets Act of 2016 regarding immunity in the United States from liability for limited disclosures of trade secrets. The full text of the notice is attached in Exhibit B.

(b) Inventions Agreement and Assignment.

(i) Executive hereby agrees to disclose promptly to the Company (or any persons designated by it) all developments, designs, creations, improvements, original works of authorship, formulas, processes, know-how, techniques and/or inventions whether capable of being patented or registered or not (collectively, the "Inventions") (A) which are made or conceived or reduced to practice by Executive, either alone or jointly with others, in performing his/her duties during the period of Executive's employment by the Company, that relate to or are useful in the business of the Company; (B) which result from tasks assigned to Executive by the Company, or (C) which are produced by Executive in the course of his/her work for the Company but not in performance of his contractual obligations.

(ii) Executive agrees that all such Inventions which the Company in its discretion determines to be related to or useful in its business or its research or development, or which result from work performed by Executive for the Company, shall vest in, and will be the sole and exclusive property of, the Company and its assigns, and the Company and its assigns will have the right to use and/or to apply for patents, copyrights or other statutory or common law protections for such Inventions in any and all countries. Executive further agrees to assist the Company in every reasonable way (but at the Company's expense) to obtain and from time to time enforce patents, copyrights and other statutory or common law protections for such Inventions in any and all countries. To that end, Executive will execute all documents for use in applying for and obtaining such patents, copyrights and other statutory or common law protections therefor and enforcing the same, as the Company may desire, together with any assignments thereof to the Company or to persons or entities designated by the Company. Should the Company be unable to secure Executive's signature on any document necessary to apply for, prosecute, obtain, or enforce any patent, copyright or other right or protection relating to any Invention, whether due to his/her mental or physical incapacity or any other cause, Executive hereby

irrevocably designates and appoints the Company and each of its duly authorized officers and agents as Executive's agent and attorney-in-fact, to act for and in his/her behalf and stead, to execute and file any such document, and to do all other lawfully permitted acts to further the prosecution, issuance, and enforcement of patents, copyrights or other rights or protections with the same force and effect as if executed and delivered by Executive. Executive's obligations under this Section 6(b)(ii) will continue beyond the termination of Executive's employment with the Company, but the Company will compensate Executive at a reasonable rate after such termination for time actually spent by Executive at the Company's request in providing such assistance.

(iii) Executive hereby acknowledges that all original works of authorship which are made by Executive (solely or jointly with others) within the scope of Executive's employment which are protectable by copyright are "works for hire," as that term is defined in the United States Copyright Act (17 USCA, Section 101).

(iv) Unless otherwise is stipulated by mandatory law, and subject to the compensation payable as per Section 6(b)(ii) *in fine* for the assistance that may be provided after termination of this Agreement, the Executive shall not receive any remuneration under this Section 6(b) while such remuneration is included in the compensation and benefits set forth in Section 4.

(c) Non-Solicitation of Customers and Other Business Partners. Executive recognizes that by virtue of his/her employment with the Company, he/she will be introduced to and involved in the solicitation and servicing of existing customers and other business partners of the Accuray Group and new customers and business partners obtained by the Accuray Group during his/her employment. Executive understands and agrees that all efforts expended in soliciting and servicing such customers and business partners shall be for the benefit of the Accuray Group. Executive further agrees that during his/her employment with the Company he/she will not engage in any conduct which could in any way jeopardize or disturb any of the customer and business partner relationships of the Accuray Group. In addition, to the extent permitted under applicable law, Executive agrees that, for a period beginning on the Effective Date and ending twelve (12) months after termination of Executive's employment with the Company, regardless of the reason for such termination, Executive shall not use any Proprietary Information to, directly or indirectly, solicit, direct, interfere with, or entice away from the Accuray Group any existing customer, licensee, licensor, vendor, contractor or distributor of the Company or for the customer or other business partner to expand its business with a competitor, without the prior written consent of the Company; provided, however, that if Executive is or becomes a permanent resident of the state of California and remains such a permanent resident through the date of termination of Executive's employment, this Section 6(c) shall not apply following the termination of Executive's employment with the Company.

(d) Non-Solicitation of Employees. Executive recognizes the substantial expenditure of time and effort which the Accuray Group devotes to the recruitment, hiring, orientation, training and retention of its employees. Accordingly, Executive agrees that, for a period beginning on the Effective Date and ending twelve (12) months after termination of Executive's employment with the Company, regardless of the reason for such termination, Executive shall not use any Proprietary Information, directly or indirectly, for himself or on behalf of any other person or entity, solicit, offer employment to, hire or otherwise retain the services of any employee of the Accuray Group in a position classified as exempt from overtime pay requirements. For purposes of the foregoing, "employee of the Company" shall include any person who was an employee of the Accuray Group at any time within six (6) months prior to the prohibited conduct.

(e) Company Property and Materials.

(i) All files, records, documents, computer-recorded or electronic information, drawings, specifications, equipment, and similar items relating to Company business, whether prepared by Executive or otherwise coming into his/her possession, will remain the Company's exclusive property and will not be removed from Company premises under any circumstances whatsoever without the Company's prior written consent, except when, and only for the period, necessary to carry out Executive's duties hereunder

(ii) In the event of termination of Executive's employment for any reason, Executive will promptly deliver to the Company all Company equipment (including, without limitation, any cellular phones, beeper/pagers, computer hardware and software, fax machines and other tools of the trade) and all originals and copies of all documents, including without limitation, all books, customer lists, forms, documents supplied by customers, records, product lists, writings, manuals, reports, financial documents and other documents or property in Executive's possession or control, which relate to the Company's business in any way whatsoever, and in particular to customers of the Company, or which may be considered to constitute or contain Proprietary Information as defined above, and Executive will neither retain, reproduce, nor distribute copies thereof (other than copies of Executive's electronic or hardcopy address and telephone contact data base or directories). Notwithstanding the foregoing, Executive shall be allowed to retain a copy of the Employee Handbook and personnel records relating to Executive's employment.

(f) Remedies for Breach. Executive acknowledges that any breach by Executive of this Section 6 would cause the Company irreparable injury and damage for which monetary damages are inadequate. Accordingly, in the event of a breach or a threatened breach of this Section 6, the Company will be entitled to seek an injunction restraining such breach. In addition, in the event of a breach of this Section 6, the Company's obligation to pay any unpaid portion of the Severance Payment or other benefits as set forth in Sections 5(a) and (d) of this Agreement will be extinguished. Nothing contained herein will be construed as prohibiting the Company from pursuing any other remedy available to the Company for such breach or such threatened breach. Executive has carefully read and considered these restrictions and agrees they are fair and reasonable restrictions on Executive and are reasonably required for the protection of the interests of the Company. Executive agrees not to circumvent the spirit of these restrictions by attempting to accomplish indirectly what Executive is otherwise restricted from doing directly. Executive agrees that the restrictions in this Section 6 are reasonable and necessary to protect the Company's Proprietary Information, and they do not prevent Executive from working in the medical device industry. Executive agrees that the covenants and agreements by Executive contained in this Section 6 shall be in addition to any other agreements and covenants Executive may have agreed to in any other employee proprietary information, confidentiality, non-disclosure or other similar agreement and that this Section 6 shall not be deemed to limit such other covenants and agreements, all of which shall continue to survive the termination of this Agreement in accordance with their respective terms. A breach by Executive of the terms of such other agreements and covenants shall be deemed to be a breach by Executive of this Section 6 and of this Agreement. To the extent any of the provisions in this Section 6 are held to be overly broad or otherwise unenforceable at the time enforcement is sought,

Executive agrees that the provision shall be reformed and enforced to the greatest extent permissible by law. Executive further agrees that if any portion of this Section 6 is held to be unenforceable, the remaining provisions of this Section 6 shall be enforced as written.

7. Interpretation and Governing Law. The validity, interpretation, construction, and performance of this Agreement shall be governed by the substantive laws of the Switzerland (excluding any that mandate the use of another jurisdiction's laws).

8. Entire Agreement. All oral or written agreements or representations, express or implied, with respect to the subject matter of this Agreement are set forth in this Agreement. This

Agreement expressly supersedes the Employment Agreement between the Company and Executive, executed in April 2012, as amended, and the Amended and Restated Change in Control Agreement between Parent and Executive, dated January 1, 2017.

9. Severability. In the event that one or more of the provisions contained in this Agreement are held to be invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such holding shall not impair the validity, legality or enforceability of the remaining provisions herein.

10. Successors and Assigns. This Agreement shall be binding upon, and shall inure to the benefit of, Executive and his/her estate, but Executive may not assign or pledge this Agreement or any rights arising under it, except to the extent permitted under the terms of the benefit plans in which he/she participates. No rights or obligations of the Company under this Agreement may be assigned or transferred except that the Company shall require any successor (whether direct or indirect, by purchase, merger, reorganization, sale, transfer of stock, consideration or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no succession had taken place. As used in this Agreement, "Company" means the Company as hereinbefore defined and any successor to its business and/or assets (by merger, purchase or otherwise as provided in this Section 10) which executes and delivers the agreement provided for in this Section 10 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law. In the event that any successor refuses to assume the obligations hereunder, the Company as hereinbefore defined shall remain fully responsible for all obligations hereunder.

11. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be given by hand delivery, by electronic mail, facsimile or telecopy, return receipt requested, by express courier service, or by registered mail. Each such notice, request, demand or other communication shall be effective (i) if delivered by hand or by express courier service, when delivered at the address specified in this Section 11; (ii) if given by electronic mail, facsimile or telecopy, when such electronic mail, facsimile or telecopy is transmitted to the electronic mail address or facsimile or telecopy number specified in this Section 11 and confirmation is received if during normal business hours on a business day, and otherwise, on the next business day; and (iii) if given by registered mail, when such registered mail is received but in all and any event seven (7) days after the mailing thereof. Notices shall be addressed to the parties as follows (or at such other address, email address or fax number as either party may from time to time specify in writing by giving notice as provided herein):

If to the Company:
Accuray International Sàrl
c/o Accuray Incorporated
1310 Chesapeake Terrace
Sunnyvale, CA 94089
Fax No. (408) 789-4205

If to Executive:
Lionel Hadjadjeba
Address: most recent on file with the Company
Email: most recent on file with the Company

12. Indemnification. As soon as reasonably practicable after the due execution of this Agreement by each of the parties hereto, the Company and Executive will enter into the Company's standard form of indemnification agreement utilized by the Company for its directors and executive officers.

13. Dispute Resolution and Place of jurisdiction. To the maximum extent permitted by law, the parties agree that all disputes, claims or controversies between them and between Executive and any of the Company's affiliated entities and the successor of all such entities, including any dispute, claim or controversy arising from or otherwise in connection with this Agreement and/or Executive's employment with the Company, will be resolved as follows:

(a) Prior to initiating any other proceeding, the complaining party will provide the other party with a written statement of the claim identifying any supporting witnesses or documents and the requested relief. The responding party shall within forty-five (45) days furnish a statement of the relief, if any, that it is willing to provide, and identify supporting witnesses or documents.

(b) If the matter is not resolved by the exchange of statements of claim and statements of response as provided herein, the parties shall submit the dispute to non-binding mediation, the cost of the mediator to be paid by the Company, before a mediator and/or service to be jointly selected by the parties. Each party will bear his/her or its own attorney's fees and witness fees.

(c) If the parties cannot agree on a mediator and/or if the matter is not otherwise resolved by mediation, any controversy or claim between Executive and the Company and any of its current or former directors, officers and employees, including any arising out of or relating to this Agreement or breach thereof, shall be submitted to the jurisdiction of the court of the defendant's domicile or the court of the place where Executive usually works, the appeal before the Swiss Supreme Court being reserved.

14. Representations. Each person executing this Agreement hereby represents and warrants on behalf of himself/herself and of the entity/individual on whose behalf he/she is executing the Agreement that he/she is authorized to represent and bind the entity/individual on whose behalf he/she is executing the Agreement. Executive specifically represents and warrants to the Company that he/she reasonably believes (a) he/she is not under any contractual or other obligations that would prevent, limit or impair Executive's performance of his/her obligations under this Agreement and (b) that entering into this Agreement will not result in a breach of any other agreement to which he/she is a party. Executive acknowledges that Executive has been given the opportunity to consult with legal counsel and seek such advice and consultation as Executive deems appropriate or necessary.

15. Amendments and Waivers. No provisions of this Agreement may be modified, waived, or discharged except by a written document signed by Executive and a duly authorized Company officer. Thus, for example, promotions, commendations, and/or bonuses shall not, by themselves, modify, amend, or extend this Agreement. A waiver of any conditions or provisions of this Agreement in a given instance shall not be deemed a waiver of such conditions or provisions at any other time.

16. Taxes.

(a) Withholdings. The Company may withhold from any compensation and benefits payable under this Agreement all federal, state, city and other taxes or amounts as shall be determined by the Company to be required to be withheld pursuant to applicable laws, or governmental regulations or rulings. Executive shall be solely responsible for the satisfaction of any taxes (including employment taxes imposed on employees and penalty taxes on nonqualified deferred compensation).

(b) Net Proceeds Maximization. Notwithstanding any provision of this Agreement to the contrary, if all or any portion of the payments or benefits received or realized by Executive pursuant to this Agreement either alone or together with other payments or benefits that Executive receives or realizes or is then entitled to receive or realize from the Company or any of its affiliates ("Potential Parachute Payments") would constitute an "excess parachute payment" within the meaning of section 280G of the Code and/or any corresponding and applicable state law provision, the

Potential Parachute Payments will be reduced by reducing the amount of the Potential Parachute Payments to the extent necessary so that no portion of the Potential Parachute Payments will be subject to the excise tax imposed by section 4999 of the Code and any corresponding and/or applicable state law provision. Notwithstanding the foregoing, a reduction will be made under the previous sentence only if, by reason of that reduction, Executive's net after tax benefit exceeds the net after tax benefit he/she would realize if the reduction were not made. For purposes of this paragraph, "net after tax benefit" means the sum of (i) the total amount received or realized by Executive pursuant to this Agreement that would constitute a "parachute payment" within the meaning of section 280G of the Code and any corresponding and applicable state law provision, plus (ii) all other payments or benefits that Executive receives or realizes or is then entitled to receive or realize from the Company and any of its affiliates that would constitute a "parachute payment" within the meaning of Section 280G of the Code and any corresponding and applicable state law provision, less (iii) the amount of federal or state income taxes payable with respect to the payments or benefits described in (i) and (ii) above calculated at the maximum marginal individual income tax rate for each year in which payments or benefits are realized by Executive (based upon the rate in effect for that year as set forth in the Code at the time of the first receipt or realization of the foregoing), less (iv) the amount of excise taxes imposed with respect to the payments or benefits described in (i) and (ii) above by section 4999 of the Code and any corresponding and applicable state law provision. All determinations and calculations made in this paragraph shall be made by an independent accounting firm (the "Accounting Firm") selected by the Company prior to the Change in Control and the Company will bear all costs and expenses incurred by the Accounting Firm in connection with its determination. The Accounting Firm shall be an internationally recognized public accounting firm which has not, during the two (2) years preceding the date of its selection, acted in any way on behalf of (x) the Company or any affiliate thereof or (y) Executive. If any payments or benefits are reduced pursuant to this Section 16(b), they shall be reduced in the following order: First all payments and benefits that do not constitute "nonqualified deferred compensation" within the meaning of section 409A of the Code or that are exempt from section 409A of the Code (with the payments or benefits being reduced in reverse order of when they otherwise would be made or provided); second, all payments or benefits that constitute "nonqualified deferred compensation" within the meaning of section 409A of the Code that are not exempt from section 409A of the Code that were granted to Executive in the 12-month period of time preceding the applicable Change in Control, in the order such benefits were granted to Executive; and third, all remaining payments and benefits shall be reduced pro-rata. Notwithstanding the foregoing, if (i) reducing payments or benefits in the order described above would result in the imposition on Executive of an additional tax under section 409A of the Code (or similar state or local law), (ii) Executive so notifies the Company before such reductions and payments are made and benefits provided, and (iii) reducing the payments or benefits in another order would not result in the imposition on Executive of an additional tax under section 409A of the Code (or similar state or local law), payments and benefits shall instead be reduced in such other order.

(c) Section 409A Compliance.

(i) With respect to any reimbursement of expenses or any provision of in-kind benefits to Executive specified under this Agreement, such reimbursement of expenses or provision of in-kind benefits shall be subject to the following conditions: (1) the expenses eligible for reimbursement or the amount of in-kind benefits provided in one taxable year shall not affect the expenses eligible for reimbursement or the amount of in-kind benefits provided in any other taxable year, except for any medical reimbursement arrangements providing for the reimbursement of expenses referred to in section 105(b) of the Code; (2) the reimbursement of an eligible expense shall be made no later than the end of the year following the year in which such expense was incurred; and (3) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit.

(ii) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits

considered "deferred compensation" (as defined under the United States Treasury Regulation section 1.409A-1(b)(1), after giving effect to the exemptions in the United States Treasury Regulation sections 1.409A-1(b)(3) through (b)(12)) upon or following a termination of employment unless such termination is also a "separation from service" and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service." For purposes of section 409A of the Code, the date as of which Company and Executive reasonably anticipate that no further services would be performed by Executive for Company shall be construed as the date that Executive first incurs a "separation from service" as defined under section 409A of the Code.

(iii) Notwithstanding anything in this Agreement to the contrary, if a payment obligation arises on account of Executive's separation from service while Executive is a "specified employee" as described in section 409A of the Code and the United States Treasury Regulations thereunder and as determined by Company in accordance with its procedures, by which determination Executive is bound, any payment of "deferred compensation" (as defined under Treasury Regulation section 1.409A-1(b)(1), after giving effect to the exemptions in the United States Treasury Regulation sections 1.409A-1(b)(3) through (b)(12)) shall be made on the first business day of the seventh month following the date of Executive's separation from service, or, if earlier, within fifteen (15) days after the appointment of the personal representative or executor of Executive's estate following Executive's death together with interest on them for the period of delay at a rate equal to the average prime interest rate published in the Wall Street Journal on any day chosen by the Company during that period. Thereafter, Executive shall receive any remaining payments as if there had not been an earlier delay.

(iv) Notwithstanding anything to the contrary contained in this Agreement, (i) the Executive shall have no legally-enforceable right to, and the Company shall have no obligation to make, any payment or provide any benefit to Executive if having such a right or obligation would result in the imposition of additional taxes under section 409A of the Code, and (ii) any provision that would cause any payment or benefit to fail to satisfy section 409A will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by section 409A and may be accomplished by the Company without the Executive's consent). If any payment is not made or any benefit is not provided under the terms of this Section 16(c)(iv), it is the Company's present intention to make a similar payment or provide a similar benefit to the Executive in a manner that will not result in the imposition of additional taxes under section 409A of the Code, to the extent feasible. Each payment made under this Agreement is intended to be a separate payment for the purposes of section 409A of the Code.

(v) The Company does not guarantee any particular tax effect to Executive under this Agreement. Company shall not be liable to Executive for any payment made under this Agreement that is determined to result in an additional tax, penalty or interest under section 409A of the Code and/or any corresponding and applicable Swiss federal, cantonal or local law provision, nor for reporting in good faith any payment made under this Agreement as an amount includible in gross income under section 409A of the Code. The parties intend this Agreement to be exempt from, or comply with, the requirements of Section 409A of the Code and the final regulations and any guidance promulgated thereunder so that none of the payments and benefits to be provided hereunder will be subject to the additional tax imposed by Section 409A. Any ambiguities or ambiguous terms shall be interpreted to so be exempt or comply, and this Agreement shall be administered in accordance with such intent.

(vi) Swiss federal, cantonal and local law provisions are expressly reserved and this Section 16(c)(i) to (v) may only apply to the extent permitted by Swiss federal, cantonal and local law provisions.

17. Immigration Services; Confidentiality and Inventions Agreement. Executive agrees to timely file all documents required by immigration authorities and/or bodies and/or agencies to verify his/her identity and lawful employment in Switzerland. In addition, as a condition to Executive's

employment with the Company, Executive is required to complete, sign, return, and abide by the Company's Employee Confidentiality and Inventions Agreement.

18. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute the same instrument.

19. Resignation from Positions. Upon Executive's cessation of employment with the Company for any reason, Executive agrees that Executive shall be deemed to have resigned as an officer and as a director (if applicable) from the Company and every Affiliate on which Executive is then serving as an officer or director, and from any other entity or company on which Executive is then serving as a director or officer at the request of the Company, in each case effective as of the date of Executive's cessation of employment. In the event of Executive's cessation of employment, Executive agrees to execute a general resignation resigning from all positions then held by Executive on every subsidiary of the Company and other entity or company on which Executive is then serving as a director or officer at the request of the Company. Executive hereby grants the corporate secretary of the Company an irrevocable power of attorney to execute on behalf of Executive all such resignations, documents and instruments and to take all such other actions as reasonably necessary to carry out the intention of this Section 19.

20. Executive's Commencement of Employment. It is a condition precedent to the effectiveness of this Agreement that Executive commences working full-time for the Company at the Company's principal executive offices on the Effective Date. If Executive does not commence such full-time employment on the Effective Date, then this Agreement shall be null and void and the Company shall have no obligations hereunder or otherwise to Executive.

21. Executive's Acknowledgement.

EXECUTIVE ACKNOWLEDGES THAT ALL UNDERSTANDINGS AND AGREEMENTS BETWEEN THE COMPANY AND HIM/HER RELATING TO THE SUBJECTS COVERED IN THIS AGREEMENT ARE CONTAINED IN IT (INCLUDING THE AGREEMENTS SET FORTH

AS EXHIBITS) AND THAT HE/SHE HAS ENTERED INTO THIS AGREEMENT VOLUNTARILY AND NOT IN RELIANCE ON ANY PROMISES OR REPRESENTATIONS BY THE COMPANY OTHER THAN THOSE CONTAINED IN THIS AGREEMENT.

EXECUTIVE FURTHER ACKNOWLEDGES THAT HE/SHE HAS CAREFULLY READ THIS AGREEMENT (INCLUDING THE AGREEMENTS SET FORTH AS EXHIBITS), THAT HE/SHE UNDERSTANDS ALL OF SUCH AGREEMENTS, AND THAT HE/SHE HAS BEEN GIVEN THE OPPORTUNITY TO DISCUSS SUCH AGREEMENTS WITH HIS/HER PRIVATE LEGAL COUNSEL AND HAS AVAILED HIMSELF/HERSELF OF THAT OPPORTUNITY TO THE EXTENT HE/SHE WISHED TO DO SO.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

ACCURAY INTERNATIONAL SÀRL,
a Swiss limited liability company

By: /s/ Joshua Levine
Name: Joshua Levine
Title: Director

Accepted and Agreed,

Lionel Hadjadjeba: /s/ Lionel Hadjadjeba

Signed on: May 9, 2017

Exhibit A

FORM OF SEPARATION AGREEMENT AND GENERAL RELEASE

[See attached]

SEPARATION AGREEMENT AND GENERAL RELEASE

This Separation Agreement and General Release (this "Agreement") is hereby entered into by and between , an individual ("Executive"), and Accuray International Sàrl, a Swiss limited liability company, on behalf of itself and all of its subsidiaries (collectively, the "Company").

Recitals

A. Executive has been employed by the Company pursuant to an employment agreement by and between the Company and Executive effective as of [DATE] (the "Employment Agreement"), and currently is serving as **[specify position held at time of termination]**;

B. Executive's employment with the Company and any of its parents, direct or indirect subsidiaries, affiliates, divisions, or related entities (collectively referred to herein as the "Company and its Related Entities") will be ended on the terms and conditions set forth in this Agreement.

Agreement

In consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

1. Effective Date. Except as otherwise provided herein, this Agreement shall be effective on the eighth day after it has been executed by both of the parties (the "Effective Date").

2. End of Employment and Service as a Director. Executive's employment with the Company and its Related Entities has ended or will end effective as of CET Time, on (the "Termination Date"). If Executive is an officer or a member of the Board of Directors of the Company

and/or its Related Entities (the "Board") Executive hereby voluntarily resigns from any such officer positions and the Board, effective .

3. Continuation of Benefits After the Termination Date. Except as expressly provided in this Agreement or in the plan documents governing the Company's employee benefit plans, after the Termination Date, Executive will no longer be eligible for, receive, accrue, or participate in any other benefits or benefit plans provided by the Company and its Related Entities, including, without limitation, medical, dental and life insurance benefits, and the Company's retirement plan; provided, however, that nothing in this Agreement shall waive Executive's right to any vested benefits, including vested amounts in the Company's retirement plan, which amounts shall be handled as provided in the plan.

4. Payments Upon Termination. Executive will be entitled to receive payment of the following: (i) all earned but unpaid compensation (including accrued unpaid vacation) through the effective date of termination, payable on or before the termination date; and (ii) reimbursement, made in accordance with Section 4(e) of the Employment Agreement, of any monies advanced or incurred by Executive in connection with his/her employment for reasonable and necessary Company-related expenses incurred on or before the Termination Date. The provisions of this Agreement shall not waive or terminate any rights to compensation or vested benefits under the Company's benefits plans or as required by law, or to indemnification Executive may have under the Company's Certificate of Incorporation, Bylaws or separate indemnification agreement, as applicable.

5. Severance Benefits or Enhanced Severance Benefits. In return for Executive's promises in this Agreement, and subject to the proper execution of the Release of Claims in accordance with Section 13 below, the Company will provide Executive with the Severance Benefits or Enhanced Severance Benefits as defined in Sections 5(a) and 5(e) of the Employment Agreement and as applicable based on the nature of the termination, subject to the terms and conditions set forth in the Employment Agreement, including, but not limited to, Section 16 thereof. The Severance Benefits or Enhanced Severance Benefits will be paid as specified in Section 5(a) or Section 5(e) of the Employment Agreement, as applicable and shall be subject to required withholdings and authorized deductions and to Section 21 below. Without prejudice to the foregoing, if the Termination Date is extended for any reason, the Severance Benefits or Enhanced Severance Benefits shall be reduced by the cost to the Company of providing pay and benefits to the Employee as a result of such extension.

6. Effect of Non Execution of the Release of Claim Form or Subsequent Employment.

(a) If Executive does not properly execute the Release of Claims Form (as defined below) in accordance with Section 13 below, Executive shall not be entitled to receive the payments and benefits under Section 5, above, except that Executive's rights under COBRA will continue (but not, for purposes of clarity, the right to be reimbursed for COBRA premiums or receive any COBRA Substitute Payments (as defined in the Employment Agreement)).

(b) The Company's obligation to reimburse premiums for insurance coverage under COBRA or otherwise will be extinguished as of the date Executive's coverage begins under the group health plan of any new employer. If Executive violates the restrictions in Section 17, below, the Company's obligation to pay premiums for insurance under COBRA or otherwise will be immediately extinguished, and the other remedies specified in Section 17, below, shall apply.

7. Acknowledgement of Total Compensation and Indebtedness. Executive acknowledges and agrees that the cash payments under Sections 4 and 5 of this Agreement extinguish any and all obligations for monies, or other compensation or benefits that Executive claims or could claim to have earned or claims or could claim is owed to him/her as a result of his/her employment by the Company and its Related Entities through the Termination Date, under the Employment Agreement or otherwise. Notwithstanding the foregoing, the parties acknowledge and agree that the provisions of this Section 7 shall not terminate any rights Executive has under Section 3 of this Agreement or to other payments Executive may have, and to any indemnification Executive may have under the Company's Bylaws or separate indemnification agreement, as applicable.

8. Status of Related Agreements and Future Employment.

(a) Agreements Between Executive and the Company. [**Agreements to be scheduled at time**].

(b) Employment Agreement. The parties agree that the Employment Agreement shall be terminated as of the Termination Date. Notwithstanding the termination of the Employment Agreement, the parties hereto acknowledge that certain rights and obligations set forth in the Employment Agreement extend beyond the Termination Date. In the event that any provision of this Agreement conflicts with Section 6 of the Employment Agreement, the terms and provisions of the section(s) providing the greatest protection to the Company and its Related Entities shall control.

9. Release by Executive.

(a) Except for any obligations or covenants of the Company pursuant to this Agreement and as otherwise expressly provided in this Agreement, Executive, for himself/herself and his/her heirs, executors, administrators, assigns, successors and agents (collectively, the "Executive's Affiliates") hereby fully and without limitation releases and forever discharges the Company and its Related Entities, and each of their respective agents, representatives, stockholders, owners, officers, directors, employees, consultants, attorneys, auditors, accountants, investigators, affiliates, successors and assigns (collectively, the "Company Releasees"), both individually and collectively, from any and all waivable rights, claims, demands, liabilities, actions, causes of action, damages, losses, costs, expenses and compensation, of whatever nature whatsoever, known or unknown, fixed or contingent, which Executive or any of Executive's Affiliates has or may have or may claim to have against the Company Releasees by reason of any matter, cause, or thing

whatsoever, from the beginning of time to the Effective Date ("Claims"), arising out of, based upon, or relating to his/her employment or the termination of his/her employment with the Company and its Related Entities and/or his/her service as an officer of any of the Company Releasees, any agreement or compensation arrangement between Executive and any of the Company Releasees, to the maximum extent permitted by law.

(b) Executive specifically and expressly releases any Claims arising out of or based on: the California Fair Employment and Housing Act, Title VII of the United States Civil Rights Act of 1964, the United States Americans with Disabilities Act, the United States National Labor Relations Act and the United States Equal Pay Act, as the same may be amended from time to time; the California common law on fraud, misrepresentation, negligence, defamation, infliction of emotional distress or other tort, breach of contract or covenant, violation of public policy or wrongful termination; state or federal wage and hour laws, and other provisions of the California Labor Code, to the extent these may be released herein as a matter of law; or any other state or federal law, rule, or regulation dealing with the employment relationship, including in particular Swiss laws, except those claims which may not be released herein as a matter of law.

(c) Nothing contained in this Section 9 or any other provision of this Agreement shall release or waive any right that Executive has to indemnification and/or reimbursement of expenses by the Company and its Related Entities with respect to which Executive may be eligible as provided in California Labor Code section 2802, the Company's and its Related Entities' Certificates of Incorporation, Bylaws and any applicable directors and officers, errors & omissions, umbrella or general liability insurance policies, any indemnification agreements, including the Employment Agreement; or any other applicable source, nor prevent Executive from cooperating in an investigation of the Company by the Equal Employment Opportunity Commission ("EEOC", such term to include also any other local equivalent body or agency)**.**

10. Waiver.

(a) Executive understands and agrees that the release provided herein extends to all Claims released above whether known or unknown, suspected or unsuspected, which may be released as a matter of law. To the extent that the California Civil Code section 1542 would be applicable to the employment of Executive with the Company, Executive expressly waives and relinquishes any and all rights he/she may have under that California Civil Code section 1542, which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF

KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

(b) Executive expressly waives and releases any rights and benefits which he/she has or may have under any similar law or rule of any other jurisdiction. It is the intention of each party through this Agreement to fully, finally and forever settle and release the Claims as set forth above. In furtherance of such intention, the release herein given shall be and remain in effect as a full and complete release of such matters notwithstanding the discovery of any additional Claims or facts relating thereto.

11. [If Executive is age 40 or over on Termination Date] Release of United States Federal Age Discrimination Claims by Executive. Executive hereby knowingly and voluntarily waives and releases all rights and claims, known or unknown, arising under the United States Age Discrimination In Employment Act of 1967, as amended, which he/she might otherwise have had against the Company or any of the Company Releasees regarding any actions which occurred prior to the date that Executive signed this Agreement, except that Executive is not prevented from cooperating in an investigation by the EEOC or from filing an EEOC charge other than for personal relief.

12. Release by Company and its Related Entities. The Company and its Related Entities hereby release and forever discharge Executive, from any and all waivable actions, causes of action, covenants, contracts, claims and demands of whatever character, nature and kind, whether known or unknown, which the Company and its Related Entities ever had, now have, or any of them hereafter can, shall or may have by reason of Executive's employment and/or his/her service as a director and/or officer of the Company and/or its Related Entities; provided, however, that this general release shall not apply, or be deemed or construed to apply, to (a) any of Executive's continuing obligations pursuant to this Agreement or the Employment Agreement, (b) criminal conduct or acts or omissions constituting willful misconduct or gross negligence by Executive during his/her employment with the Company, or (c) recoupment of all or a portion of any previously awarded bonus or equity award pursuant to the Company's Recoupment (Clawback) Policy that was in effect when the bonus was paid or the equity award vested or was exercised by Executive, whichever was later.

13. Review and Release of Claims Form. Executive hereby is advised of the following:

(a) Executive has the right to consult with an attorney before signing this Agreement and is encouraged by the Company to do so;

(b) Executive has up to thirty (30) days after termination of Executive's employment with the Company to challenge or denunciate this Agreement; and

(c) in order to be provided with the Severance Benefits or Enhanced Severance Benefits, Executive shall execute an unconditional release of Claims in the form set out in Annex 1 (the "Release of Claims Form"), it being further expressly specified that such Release of Claims Form must not be signed by Executive earlier than one month after the Termination Date and shall, immediately after being signed, be sent to the Company, such that it is received by the Company within 60 days after the Termination Date.

14. Confidentiality of Agreement. After the execution of this Agreement by Executive, neither Executive, his/her attorney, nor any person acting by, through, under or in concert with them, shall disclose any of the terms of or amount paid under this Agreement (other than to state that the Company has filed this Agreement and/or agreements related thereto as public documents) or the negotiation thereof to any individual or entity; provided, however, that the foregoing shall not prevent such disclosures by

Executive to his/her attorney, tax advisors and/or immediate family members, as may be required by law, or in connection with Protected Activity (as defined in the Employment Agreement).

15. No Filings. Executive represents that he/she has not filed any lawsuits, claims, charges or complaints, which are pending as of the date hereof, against the Company Releasees with any local, state or federal agency or court from the beginning of time to the date of execution of this Agreement, and that Executive is not aware of any facts that would support any Claims or any compliance-related or code of ethics violations of any kind whatsoever against the Company Releasees, including without limitation any claims for any work-related injuries. If Executive hereafter commences, joins in, or in any manner seeks relief through any suit arising out of, based upon, or relating to any of the Claims released in this Agreement, or in any manner asserts against the Company Releasees any of the Claims released in this Agreement, then Executive agrees to pay to the Company Releasees against whom such Claim(s) is asserted, in addition to any other damages caused thereby, all attorneys' fees incurred by the Company Releasees in defending or otherwise responding to the suit or Claim; provided, however, that this provision shall not obligate Executive to pay the Company Releasees' attorneys' fees in any action challenging the release of claims under the United States Older Workers Benefit Protection Act or the United States Age Discrimination In Employment Act of 1967, as amended, or any similar applicable law, unless otherwise allowed by law. If any governmental agency or court ever assumes jurisdiction over any such lawsuit, claim, charge or complaint and/or purports to bring any legal proceeding, in whole or in part, on behalf of Executive based upon events occurring prior to the execution of this Agreement, Executive will request such agency or court to withdraw from and/or to dismiss the lawsuit, claim, charge or complaint with prejudice.

16. Confidential and Proprietary Information. Executive acknowledges that certain information, observations and data obtained by him/her during the course of or related to his/her employment with the Company and its Related Entities (including, without limitation, projection programs, business plans, business matrix programs (*i.e.*, measurement of business), strategic financial projections, certain financial information, shareholder information, technology and product design information, marketing plans or proposals, personnel information, customer lists and other customer information) are the sole property of the Company and its Related Entities and constitute Proprietary Information as defined in Section 6 of the Employment Agreement. Executive represents and warrants that he/she has returned all files, customer lists, financial information and other property of the Company and its Related Entities that were in Executive's possession or control without retaining copies thereof (other than a copy of the Employee Handbook and personnel records relating to Executive's employment). Executive further represents and warrants that he/she does not have in his/her possession or control any files, customer lists, financial information or other property of the Company and its Related Entities. In addition to his/her promises in Section 6 of the Employment Agreement, Executive agrees that he/she will not disclose to any person or use any such information, observations or data without the written consent of the Board. If Executive is served with a deposition subpoena or other legal process calling for the disclosure of such information, or if he/she is contacted by any third person requesting such information, he/she will notify the Board as soon as is reasonably practicable after receiving notice and will reasonably cooperate with the Company and its Related Entities in minimizing the disclosure thereof; provided, that nothing in this Agreement will (i) affect Executive's obligations to testify truthfully in response to any subpoena or other legally required discovery proceeding or (ii) in any way limit or prohibit Executive from engaging in Protected Activity.

17. Prohibited Activities.

(a) Non-Solicitation of Customers and Other Business Partners. Executive recognizes that by virtue of his/her employment with the Company, he/she will be introduced to and involved in the solicitation and servicing of existing customers and other business partners of the

Company and new customers and business partners obtained by the Company during his/her employment. Executive understands and agrees that all efforts expended in soliciting and servicing such customers and business partners shall be for the benefit of the Company. Executive further agrees that during his/her employment with the Company he/she will not engage in any conduct which could in any way jeopardize or disturb any of the customer and business partner relationships of the Company. In addition, to the extent permitted under applicable law, Executive agrees that, for a period beginning on the Effective Date and ending twelve (12) months after termination of Executive's employment with the Company, regardless of the reason for such termination, Executive shall not use any Proprietary Information to, directly or indirectly, solicit, direct, interfere with, or entice away from the Company any existing customer, licensee, licensor, vendor, contractor or distributor of the Company or for the customer or other business partner to expand its business with a competitor, without the prior written consent of the Board.

(b) Non-Solicitation of Employees. Executive recognizes the substantial expenditure of time and effort which the Company devotes to the recruitment, hiring, orientation, training and retention of its employees. Accordingly, Executive agrees that, for a period beginning on the Effective Date and ending twelve (12) months after termination of Executive's employment with the Company, regardless of the reason for such termination, Executive shall not use any Proprietary Information, directly or indirectly, for himself/herself or on behalf of any other person or entity, to solicit, offer employment to, hire or otherwise retain the services of any employee of the Company in a position classified as exempt from overtime pay requirements. For purposes of the foregoing, "employee of the Company" shall include any person who was an employee of the Company at any time within six (6) months prior to the prohibited conduct.

(c) Scope of Restrictions. Executive agrees that the restrictions in Sections 17 (a) and (b), above, are reasonable and necessary to protect the Company's trade secrets and that they do not foreclose Executive from working in the medical device industry generally. To the extent that any of the provisions in this Section 17 are held to be overly broad or otherwise unenforceable at the time enforcement is sought, Executive agrees that the provision shall be reformed and enforced to the greatest extent permissible by law. Executive further agrees that if any portion of this Section 17 is held to be unenforceable, that the remaining provisions of it shall be enforced as written.

18. **Remedies.** Executive acknowledges that any misuse of Proprietary Information belonging to the Company and its Related Entities, or any violation of Section 6 of the Employment Agreement, and any violation of Sections 14, 16 and 17 of this Agreement, will result in irreparable harm to the Company and its Related Entities, and therefore, the Company and its Related Entities shall, in addition to any other remedies, be entitled to immediate injunctive relief. To the extent there is any conflict between Section 6 of the Employment Agreement and this Section 18, the provision providing the greatest protection to the Company and its Related Entities shall control. In addition, in the event of a breach of any provision of this Agreement by Executive, including Sections 14, 16 and 17, Executive shall forfeit, and the Company and its Related Entities may withhold payment of any unpaid portion of, the Severance Benefits or Enhanced Severance Benefits provided under Section 5, above.

19. **Cooperation Clause.**

(a) To facilitate the orderly conduct of the Company and its Related Entities' businesses, for the twelve (12)-month period following the Effective Date, Executive agrees to cooperate, at no charge, with the Company and its Related Entities' reasonable requests for information or assistance related to the time of his/her employment.

(b) For the twelve (12)-month period following the Effective Date, Executive agrees to cooperate, at no charge, with the Company's and its Related Entities' and its or their counsel's

reasonable requests for information or assistance related to (i) any investigations (including internal investigations) and audits of the Company's and its Related Entities' management's current and past conduct and business and accounting practices and (ii) the Company's and its Related Entities' defense of, or other participation in, any administrative, judicial, or other proceeding arising from any charge, complaint or other action which has been or may be filed relating to the period during which Executive was employed by the Company and its Related Entities. The Company will promptly reimburse Executive for his/her reasonable, customary and documented out-of-pocket business expenses in connection with the performance of his/her duties under this Section 19. Except as required by law or authorized in advance by the Board of Directors of the Company, Executive will not communicate, directly or indirectly, with any third party other than Executive's legal counsel, including any person or representative of any group of people or entity who is suing or has indicated that a legal action against the Company and its Related Entities or any of their directors or officers is being contemplated, concerning the management or governance of the Company and its Related Entities, the operations of the Company and its Related Entities, the legal positions taken by the Company and its Related Entities, or the financial status of the Company and its Related Entities. If asked about any such individuals or matters, Executive shall say: "I have no comment," and shall direct the inquirer to the Company. Executive acknowledges that any violation of this Section 19 will result in irreparable harm to the Company and its Related Entities and will give rise to an immediate action by the Company and its Related Entities for injunctive relief.

20. **No Future Employment.** Executive understands that his/her employment with the Company and its Related Entities will irrevocably end as of the Termination Date and will not be resumed at any time in the future. Executive agrees that he/she will not apply for, seek or accept employment by the Company and its Related Entities at any time, unless invited to do so by the Company and its Related Entities.

21. **Tax Issues.** The parties agree that the payments and benefits provided under this Agreement, and all other contracts, arrangements or programs that apply to him/her, shall be subject to Section 16 of the Employment Agreement.

22. **Non-disparagement**. Executive agrees not to criticize, denigrate, or otherwise disparage the Company and its Related Entities, or any of their directors, officers, products, processes, experiments, policies, practices, standards of business conduct, or areas or techniques of research. The Company agrees not to authorize or condone denigrating or disparaging statements about Executive to any third party, including by press release or other formally released announcement. Factually accurate statements in legal or public filings shall not violate this provision. In addition, nothing in this Section 22 shall prohibit Executive or the Company or the Board, or any of their employees or members from complying with any lawful subpoena or court order or taking any other actions affirmatively authorized by law.

23. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of Switzerland, without giving effect to principles of conflict of laws.

24. **Dispute Resolution.** The parties hereby agree that all disputes, claims or controversies arising from or otherwise in connection with this Agreement (except for injunctive relief sought by either party) between them and between Executive and any of the Company's affiliated entities and the successor of all such entities, and any director, stockholder or employee of the Company will be resolved in accordance with Section 13 of the Employment Agreement.

25. **Attorneys' Fees.** Except as otherwise provided herein, in any action, litigation or proceeding between the parties arising out of or in relation to this Agreement, including any purported

breach of this Agreement, the prevailing party shall, to the fullest extent permitted by law, be entitled to an award of its costs and expenses, including reasonable attorneys' fees.

26. **Non-Admission of Liability.** The parties understand and agree that neither the payment of any sum of money nor the execution of this Agreement by the parties will constitute or be construed as an admission of any wrongdoing or liability whatsoever by any party.

27. **Severability.** If any one or more of the provisions contained herein (or parts thereof), or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity and enforceability of any such provision in every other respect and of the remaining provisions hereof will not be in any way impaired or affected, it being intended that all of the rights and privileges shall be enforceable to the fullest extent permitted by law.

28. **Entire Agreement.** This Agreement represents the sole and entire agreement among the parties and, except as expressly stated herein, supersedes all prior agreements, negotiations and discussions among the parties with respect to the subject matters contained herein.

29. **Waiver.** No waiver by any party hereto at any time of any breach of, or compliance with, any condition or provision of this Agreement to be performed by any other party hereto may be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time.

30. **Amendment.** This Agreement may be modified or amended only if such modification or amendment is agreed to in writing and signed by duly authorized representatives of the parties hereto, which writing expressly states the intent of the parties to modify this Agreement.

31. **Counterparts.** This Agreement may be executed in counterparts, each of which will be deemed to be an original as against any party that has signed it, but both of which together will constitute one and the same instrument.

32. **Assignment.** This Agreement inures to the benefit of and is binding upon the Company and its successors and assigns, but Executive's rights under this Agreement are not assignable, except to his/her estate.

33. **Notice.** All notices, requests, demands, claims and other communications hereunder shall be in writing and shall be deemed to have been duly given (a) if personally delivered or delivered by express courier; (b) if sent by electronic mail, telecopy or facsimile (except for legal process); or (c) if mailed by registered mail, and properly addressed as follows:

If to the Company:
Accuray International Sàrl
c/o Accuray Incorporated
1310 Chesapeake Terrace
Sunnyvale, California 94089
Attn: Board of Directors
c/o Corporate Secretary
Fax No. (408) 789-4205

If to Executive:
Address: most recent on file with the Company
Email: most recent on file with the Company

Such addresses may be changed, from time to time, by means of a notice given in the manner provided above. Notice will conclusively be deemed to have been given when personally delivered (including, but not limited to, by messenger or courier); or if given by registered mail, when such registered mail is received but in all and any event seven (7) calendar days after being sent by registered mail; or if given by Federal Express or other express service, on the date of delivery; or if given by electronic mail, telecopy or facsimile machine during normal business hours on a business day, when confirmation of transmission is indicated by the sender's machine; or if given by electronic mail, telecopy or facsimile machine at any time other than during normal business hours on a business day, the first business day following when confirmation of transmission is indicated by the sender's machine. Unless otherwise agreed, notices, requests, demands and other communications delivered to legal counsel of any party hereto, whether or not such counsel shall consist of in-house or outside counsel, shall not constitute duly given notice to any party hereto.

34. **Miscellaneous Provisions.**

(a) The parties represent that they have read this Agreement and fully understand all of its terms; that they have conferred with their attorneys, or have knowingly and voluntarily chosen not to confer with their attorneys about this Agreement; that they have executed this Agreement without coercion or duress of any kind; and that they understand any rights that they have or may have, and they are signing this Agreement with full knowledge of any such rights.

(b) Both parties have participated in the drafting of this Agreement with the assistance of counsel to the extent they desired. The language in all parts of this Agreement must be in all cases construed simply according to its fair meaning and not strictly for or against any party. Whenever the context requires, all words used in the singular must be construed to have been used in the plural, and vice versa, and each gender must include any other gender. The captions of the Sections of this Agreement are for convenience only and must not affect the construction or interpretation of any of the provision herein.

(c) Each provision of this Agreement to be performed by a party hereto is both a covenant and condition, and is a material consideration for the other party's performance hereunder, and any breach thereof by the party will be a material default hereunder. All rights, remedies, undertakings, obligations, options, covenants, conditions and agreements contained in this Agreement are cumulative and no one of them is exclusive of any other. Time is of the essence in the performance of this Agreement.

(d) Each party acknowledges that no representation, statement or promise made by any other party, or by the agent or attorney of any other party, except for those in this Agreement, has been relied on by him/her or it in entering into this Agreement.

(e) Unless expressly set forth otherwise, all references herein to a "day" are deemed to be a reference to a calendar day. All references to "business day" mean any day of the year other than a Saturday, Sunday or a public or bank holiday in the canton of Vaud, Switzerland. Unless expressly stated otherwise, cross-references herein refer to provisions within this Agreement and are not references to any other document.

(f) Each party to this Agreement will cooperate fully in the execution of any and all other documents and in the completion of any additional actions that may be necessary or appropriate to give full force and effect to the terms and intent of this Agreement.

(g) Executive hereby acknowledges having received the statutory information relating to Swiss accident insurance for departing employees.

(h) The Company shall provide a reference/work certificate to Executive in accordance with article 330*a* Swiss Code of Obligations.

(i) Although not a party to this Agreement, Employee expressly agrees that any Related Entity may enforce against Executive any provision of this Agreement which is to their benefit.

EACH OF THE PARTIES ACKNOWLEDGES THAT HE/SHE/IT HAS READ THIS AGREEMENT, UNDERSTANDS IT AND IS VOLUNTARILY ENTERING INTO IT, AND, WITH RESPECT TO EXECUTIVE, HE/SHE UNDERSTANDS THAT THIS AGREEMENT INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.

(*Signature page follows*)

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the dates written below.

EXECUTIVE: _____

Date: _____

COMPANY: Accuray International Sàrl

By: _____
Name: _____
Title: _____

Date: _____

Annex 1

Release of Claims Forms

Reference is made to the Separation Agreement and General Release entered into by and between , an individual ("Executive"), and Accuray International Sàrl, a Swiss limited liability company, on behalf of itself and all of its subsidiaries (collectively, the "Company"), dated [DATE] ("Separation Agreement")

1. Capitalized terms in this Release of Claims Forms have the meaning set out in the Separation Agreement.

2. Executive hereby affirms and agrees the terms of the Separation Agreement.

3. Executive confirms that the terms of the Separation Agreement satisfy all claims, compensation and benefits to which he/she is entitled including any he/she may have received had his/her employment not terminated and exceed the nature and scope of that to which he/she would otherwise have been entitled to receive from the Company and its Related Entities and constitute adequate consideration for his/her undertakings in the Separation Agreement and this Release of Claims Form.

4. Executive hereby waives and releases the Company and its Related Entities from any liability regarding any claims or rights of action that Executive has or may have against each of them or their officers or employees whether arising out of his employment or its termination or otherwise and whether arising from events occurring before, up to or after the date of this Release of Claims Form, including but not limited to any under any common law, contract, statute, tort or other claim whether under the law of Switzerland/or California or any other law or jurisdiction and whether such claims or liabilities are, or could be, known to the parties of the Separation Agreement or in their contemplation at the date of this Release of Claims Form save for any obligation of the Employer in the Separation Agreement.

5. As at the date of this Release of Claims Form, Executive warrants and represents to the Company that there are no circumstances of which Executive is aware which would have allowed the Company to terminate Executive's employment with Cause.

Print full name: _____

Signature: _____

Date: _____

Place: _____

Exhibit B

SECTION 7 OF THE DEFEND TRADE SECRETS ACT OF 2016

" . . . An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that—(A) is made—(i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. . . . An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual—(A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order."

Exhibit 10.37

ASTERISKS INDICATE THAT CONFIDENTIAL INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

CREDIT AND SECURITY AGREEMENT

dated as of June 14, 2017

by and among

ACCURAY INCORPORATED and TOMOTHERAPY INCORPORATED

each as a Borrower, and collectively as Borrowers,

and

MIDCAP FINANCIAL TRUST,

as Agent and as a Lender,

and

THE ADDITIONAL LENDERS

FROM TIME TO TIME PARTY HERETO

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CREDIT AND SECURITY AGREEMENT

THIS CREDIT AND SECURITY AGREEMENT (as the same may be amended, supplemented, restated or otherwise modified from time to time, the "**Agreement**") is dated as of June 14, 2017 by and among **ACCURAY INCORPORATED**, a Delaware corporation ("**Accuray**" or "**Borrower Representative**"), **TOMOTHERAPY INCORPORATED**, a Wisconsin corporation, and any additional borrower that may hereafter be added to this Agreement (collectively, "**Other Borrowers**" and, together with Borrower Representative, each individually as a "**Borrower**", and collectively as "**Borrowers**"), **MIDCAP FINANCIAL TRUST**, a Delaware statutory trust, individually as a Lender, and as Agent, and the financial institutions or other entities from time to time parties hereto, each as a Lender.

RECITALS

Borrowers have requested that Lenders make available to Borrowers the financing facilities as described herein. Lenders are willing to extend such credit to Borrowers under the terms and conditions herein set forth.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, Borrowers, Lenders and Agent agree as follows:

ARTICLE 1 - DEFINITIONS

Section 1.1 Certain Defined Terms. The following terms have the following meanings:

"**2018 Convertible Notes**" means, collectively, (a) the 3.50% Convertible Senior Notes due February 1, 2018, issued pursuant to the Indenture, dated as of February 13, 2013, between Accuray and The Bank of New York Mellon Trust Company, N.A., as trustee in the original principal amount of $115 million (of which $44,700,000 is outstanding as of the Closing Date), (b) the 3.50% Series A Convertible Senior Notes due February 1, 2018 issued pursuant to the Indenture, dated as of April 24, 2014, between Accuray and The Bank of New York Mellon Trust Company, N.A., as trustee in the original principal amount of approximately $70.3 million (of which $70,300,000 is outstanding as of the Closing Date) and (c) any Permitted Refinancing Debt of (a) and/or (b).

"**Acceleration Event**" means the occurrence of an Event of Default (a) in respect of which Agent has declared all or any portion of the Obligations to be immediately due and payable pursuant to Section 10.2, (b) pursuant to Section 10.1(a), and in respect of which Agent has suspended or terminated the Revolving Loan Commitment pursuant to Section 10.2, and/or (c) pursuant to either Section 10.1(e) and/or Section 10.1(f).

"**Access Agreement Location**" has the meaning set forth in Section 4.11(c).

"**Account Debtor**" means "account debtor", as defined in Article 9 of the UCC, and any other obligor in respect of an Account.

"**Accounts**" means, collectively, (a) any right to payment of a monetary obligation, whether or not earned by performance and (b) without duplication, any "account" (as defined in the UCC), any accounts receivable (whether in the form of payments for services rendered or goods sold, rents, license fees or otherwise), any "health-care-insurance receivables" (as defined in the UCC), any "payment intangibles" (as defined in the UCC) and all other rights to payment and/or reimbursement of every kind and description, whether or not earned by performance.

"**Additional Tranche**" means an additional amount of Revolving Loan Commitment equal to $33,000,000 (it being acknowledged that multiple Additional Tranches are permitted pursuant to Section 2.1(c) in minimum amounts of $1,000,000 each for a total of up to $33,000,000).

"**Affiliate**" means, with respect to any Person, (a) any Person that directly or indirectly controls such Person and (b) any Person which is controlled by or is under common control with such controlling Person."

"**Agent**" means MCF, in its capacity as administrative agent for itself and for Lenders hereunder, as such capacity is established in, and subject to the provisions of, Article 11, and the successors and assigns of MCF in such capacity.

"**Anti-Terrorism Laws**" means any Laws relating to terrorism or money laundering, including, without limitation, Executive Order No. 13224 (effective September 24, 2001), the USA PATRIOT Act, the Laws comprising or implementing the Bank Secrecy Act, and the Laws administered by OFAC.

"**Applicable Margin**" means with respect to Revolving Loans and all other Obligations four and one-half percent (4.50%).

"**Approved Fund**" means any (a) investment company, fund, trust, securitization vehicle or conduit that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the Ordinary Course of Business, or (b) any Person (other than a natural person) which temporarily warehouses loans for any Lender or any entity described in the preceding clause (a) and that, with respect to each of the preceding clauses (a) and (b), is administered or managed by (i) a Lender, (ii) an Affiliate of a Lender, or (iii) a Person (other than a natural person) or an Affiliate of a Person (other than a natural person) that administers or manages a Lender. Notwithstanding the foregoing, in no event shall any Person that is an Excluded Person constitute an Approved Fund.

"**Asset Disposition**" means any sale, lease, license, transfer, assignment or other consensual disposition by any Credit Party of any asset.

"**Assignment Agreement**" means an assignment agreement in form and substance acceptable to Agent.

"**Bankruptcy Code**" means Title 11 of the United States Code entitled "Bankruptcy", as the same may be amended, modified or supplemented from time to time, and any successor statute thereto.

"**Base LIBOR Rate**" means, for each Interest Period, the rate per annum, determined by Agent in accordance with its customary procedures, and utilizing such electronic or other quotation sources as it considers appropriate (rounded upwards, if necessary, to the next 1/100%), to be the rate at which Dollar deposits (for delivery on the first day of such Interest Period or, if such day is not a Business Day on the preceding Business Day) in the amount of $1,000,000 are offered to major banks in the London interbank market on or about 11:00 a.m. (Eastern time) two (2) Business Days prior to the first day of each calendar month, for a term comparable to such Interest Period, which determination shall be conclusive in the absence of manifest error.

"**Base Rate**" means the per annum rate of interest announced, from time to time, within Wells Fargo at its principal office in San Francisco as its "prime rate," with the understanding that the "prime rate" is one of Wells Fargo's base rates (not necessarily the lowest of such rates) and serves as the basis upon which effective rates of interest are calculated for those loans making reference thereto and is evidenced by the recording thereof after its announcement in such internal publications as Wells Fargo may designate; *provided*, *however*, that Agent may, upon prior written notice to Borrower, choose a reasonably comparable index or source to use as the basis for the Base Rate.

"**Blocked Person**" means any Person with which any Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law, including any Person that is, or is owned 50% or more by any Person(s) that are, named on any OFAC Lists.

"**Bona Fide Lending Affiliate**" shall mean any bona fide debt fund, investment vehicle, regulated banking entity or non-regulated lending entity (in each case, other than a Person that is excluded pursuant to clause (a)(i) of the definition of Excluded Person) that is (a) primarily engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of business and (b) managed, sponsored or advised by any person that is controlling, controlled by or under common control with a Competitor or Affiliate thereof, as applicable, but only to the extent that no personnel involved with the investment in such Competitor or Affiliate thereof, as applicable, (i) makes (or has the right to make or participate with others in making) investment decisions on behalf of such debt fund, investment vehicle, regulated banking entity or non-regulated lending entity or (ii) has access to any information (other than information that is publicly available) relating to the Credit Parties' business.

"**Borrower**" and "**Borrowers**" mean the entity(ies) described in the first paragraph of this Agreement and each of their successors and permitted assigns.

"**Borrower Representative**" means Accuray, in its capacity as Borrower Representative pursuant to the provisions of Section 2.9, or any successor Borrower Representative selected by Borrowers and approved by Agent.

"**Borrowing Base**" means:

(a) the product of (i) eighty-five percent (85%) *multiplied by* (ii) the aggregate net amount at such time of the Eligible Domestic Accounts; *plus*

(b) the lesser of (i) $15,000,000 and (ii) the product of (x) eighty-five percent (85%) multiplied by (y) the aggregate net amount at such time of the Eligible Foreign Accounts; plus

(c) the lesser of (i) eighty-five percent (85%) *multiplied by* the Orderly Liquidation Value of the Eligible Inventory, or (ii) sixty-five percent (65%) *multiplied by* the value of the Eligible Inventory, valued at the lower of first-in-first-out cost or market cost, and after factoring in all rebates, discounts and other incentives or rewards associated with the purchase of the applicable Inventory; *minus*

(d) the amount of any reserves and/or adjustments provided for in this Agreement.

"**Borrowing Base Certificate**" means a certificate, duly executed by a Responsible Officer of Borrower Representative, appropriately completed and substantially in the form of Exhibit C hereto.

"**Business Day**" means any day except a Saturday, Sunday or other day on which either the New York Stock Exchange is closed, or on which commercial banks in Washington, DC and New York City are authorized by law to close.

"**Capital Expenditures**" means, for any period, the aggregate of all expenditures during such period determined on a consolidated basis that, in accordance with GAAP, are or should be included in "purchase of property or equipment" or similar items reflected in the financial statements of Accuray and its Consolidated Subsidiaries for such period.

"**Cash Equivalents**" means (a) marketable direct obligations issued or unconditionally guaranteed by the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case, maturing within six (6) months from the date of acquisition thereof; (b) commercial paper, maturing not more than 270 days after the date of issue rated P-1 by Moody's or A-1 by Standard & Poor's; (c) certificates of deposit maturing not more than 270 days after the date of issue, issued by commercial banking institutions and money market or demand deposit accounts maintained at commercial banking institutions, each of which is a member of the Federal Reserve System and has a combined capital and surplus and undivided profits of not less than $500,000,000; (d) repurchase agreements having maturities of not more than 90 days from the date of acquisition which are entered into with major money center banks included in the commercial banking institutions described in clause (c) above and which are secured by readily marketable direct obligations of the United States Government or any agency thereof; (e) money market accounts maintained with mutual funds having assets in excess of $2,500,000,000, which assets are primarily comprised of Cash Equivalents described in another clause of this definition; (f) marketable tax exempt securities rated A or higher by Moody's or A+ or higher by Standard & Poor's, in each case, maturing within 270 days from the date of acquisition thereof; (g) in the case of any Foreign Subsidiary, cash and cash equivalents that are substantially equivalent in such jurisdiction to those described in clauses (a) through (f) above in respect of each country that is a member of the Organization for Economic Co-operation and Development, and (h) any other security meeting the requirements set forth in Borrower Representative's Investment Policy as provided to Agent prior to the Closing Date.

"**CERCLA**" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C.A. § 9601 *et seq*., as the same may be amended from time to time.

"**CFC**" means a "controlled foreign corporation" as defined in Section 957 of the Code.

"**Change in Control**" means any of the following events: (a) any Person or two or more Persons acting in concert shall have acquired beneficial ownership, directly or indirectly, of, or shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation, will result in its or their acquisition of or control over, voting stock of Accuray (or other securities convertible into such voting stock) representing 40% or more of the combined voting power of all voting stock of Accuray or (b) Accuray ceases to own, directly or indirectly, 100% (or such lesser portion as may be owned by Accuray as of the date hereof) of the capital stock of any Borrower (with the exception of any Borrower permitted to be sold, dissolved or merged to the extent otherwise permitted by this Agreement so long as all assets of such Borrower have been excluded from the Borrowing Base); or (c) the occurrence of any "Change of Control", "Change in Control", or terms of similar import under any document or instrument governing or relating to Debt of or equity in such Person having a principal amount in excess of $10,000,000. As used herein, "beneficial ownership" shall have the meaning provided in Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934.

"**Chattel Paper**" means "chattel paper", as defined in Article 9 of the UCC.

"**Chicago Premises**" means the location located at 11601 W. Touhy Avenue Suite 893, Unit 2, Chicago, IL 60666 at which Collateral is stored.

"**Closing Date**" means the date of this Agreement.

"**Code**" means the Internal Revenue Code of 1986, as amended from time to time.

"**Collateral**" means all property, now existing or hereafter acquired, mortgaged or pledged to, or purported to be subjected to a Lien in favor of, Agent, for the benefit of Agent and Lenders, pursuant to this Agreement and the Security Documents, including all of the property described in Schedule 9.1 hereto; provided that the Collateral shall not include any Excluded Property.

"**Collections Account Post-Closing Period**" means the period beginning on the Closing Date and ending on the earlier of the date that is thirty (30) days after the Closing Date (or such later date as Agent may agree in writing).

"**Commitment Annex**" means Annex A to this Agreement.

"**Commitment Expiry Date**" means the date that is four (4) years following the Closing Date (the "**Stated Commitment Expiry Date**"); *provided, however*, that if, as of the Early Maturity Date with respect to any series of notes included as Convertible Notes Debt (collectively, "**Convertible Notes**"), a Convertible Notes Event with respect to such series of Convertible Notes has not occurred, then the Commitment Expiry Date shall be the Early

Maturity Date with respect to such series of Convertible Notes (the occurrence of the event described in this proviso, an "**Early Maturity Event**"); *provided further, however,* that if a Convertible Notes Event with respect to all of such series of Convertible Notes has not occurred prior to the Early Maturity Date with respect to such series of Convertible Notes, but as of such Early Maturity Date with respect to such series of Convertible Notes the Liquidity Condition is satisfied with respect to the portion of such series that is not subject to a Convertible Notes Event, then (a) an Early Maturity Event shall not occur and (b) the Commitment Expiry Date shall continue to be the Stated Commitment Expiry Date unless, as of any time (the date on which such time occurs, the "**Accelerated Commitment Expiry Date**") on or after the Early Maturity Date with respect to such series of Convertible Notes when a Convertible Notes Event with respect to such series of Convertible Notes has not occurred, (y) the Liquidity Condition with respect to such series of Convertible Notes is not satisfied, in which event the Commitment Expiry Date shall be the Accelerated Commitment Expiry Date or (z) an Early Maturity Event occurs with respect to any other series of Convertible Notes and Borrowers have not caused the Commitment Expiry Date to remain the Stated Maturity Date in accordance with the second proviso of this definition.

"**Competitor**" means any Person that is an operating company directly and primarily engaged in the business of developing, manufacturing and servicing radiation oncology devices.

"**Compliance Certificate**" means a certificate, duly executed by a Responsible Officer of Borrower Representative, appropriately completed and substantially in the form of Exhibit B hereto.

"**Consolidated Subsidiary**" means, at any date, any Subsidiary the accounts of which would be consolidated with those of "parent" Borrower (or any other Person, as the context may require hereunder) in its consolidated financial statements if such statements were prepared as of such date.

"**Contingent Obligation**" means, with respect to any Person, any direct or indirect liability of such Person: (a) with respect to any Debt of another Person (a "**Third Party Obligation**") if the purpose or intent of such Person incurring such liability, or the effect thereof, is to provide assurance to the obligee of such Third Party Obligation that such Third Party Obligation will be paid or discharged, or that any agreement relating thereto will be complied with, or that any holder of such Third Party Obligation will be protected, in whole or in part, against loss with respect thereto; (b) with respect to any undrawn portion of any letter of credit issued for the account of such Person or as to which such Person is otherwise liable for the reimbursement of any drawing; (c) to make take-or-pay or similar payments if required regardless of nonperformance by any other party or parties to an agreement; or (d) for any obligations of another Person pursuant to any Guarantee or pursuant to any agreement to purchase, repurchase or otherwise acquire any obligation or any property constituting security therefor, to provide funds for the payment or discharge of such obligation or to preserve the solvency, financial condition or level of income of another Person. The amount of any Contingent Obligation shall be equal to the amount of the obligation so Guaranteed or otherwise supported or, if not a fixed and determinable amount, the maximum amount so Guaranteed or otherwise supported.

"**Controlled Group**" means all members of any group of corporations and all members of a group of trades or businesses (whether or not incorporated) under common control which, together with any Borrower, are treated as a single employer under Section 414(b), (c), (m) or (o) of the Code or Section 4001(b) of ERISA.

"**Convertible Notes**" has the meaning set forth in the definition of "Commitment Expiry Date".

"**Convertible Notes Debt**" has the meaning set forth in the definition of "Permitted Debt".

"**Convertible Notes Event**" means, with respect to all or a part of any series of Convertible Notes, any of the following: (a) the redemption, repayment, defeasance or other discharge of all or a part of such series of Convertible Notes (including, in each case, all accrued but unpaid interest, fees and other amounts in respect thereof) in accordance with the terms of the applicable Indenture; (b) the amendment to or other modification of such series of Convertible Notes causing the stated maturity date of such series of Convertible Notes to be extended to a date that is at least 91 days after the Commitment Expiry Date; and/or (c) the refinancing of all or a part of such series of Convertible Notes with, or the exchange of all or part of such series of Convertible Notes for, Debt having a maturity date that is at least 91 days after the Stated Commitment Expiry Date and otherwise satisfying the definition of Permitted Refinancing Debt; *provided* that, (x) a Convertible Notes Event with respect to less than all of any series of Convertible Notes shall only apply to that portion of such series with respect to which such Convertible Notes Event occurred and (y) in the case of clauses (b) and (c) of this definition, such series of Convertible Notes as so amended, or any Permitted Refinancing Debt in respect thereof, does not require (i) any amortization prior to the date that is 91 days after the Stated Commitment Expiry Date or (ii) any mandatory prepayment or redemption at the option of the holders thereof (except for redemptions in respect of asset sales and changes in control on terms not less favorable to Borrower Representative than the terms of such series of Convertible Notes as in effect on the date hereof and other conversion provisions) prior to the date that is 91 days after the Stated Commitment Expiry Date.

"**Credit Exposure**" means, at any time, any portion of the Revolving Loan Commitment and of any other Obligations that remains outstanding, or any Reimbursement Obligation that remains unpaid or any Letter of Credit or Support Agreement not supported with cash collateral required by this Agreement that remains outstanding; *provided*, *however*, that no Credit Exposure shall be deemed to exist solely due to the existence of contingent indemnification liability, absent the assertion of a claim, or the known existence of a claim reasonably likely to be asserted, with respect thereto.

"**Credit Party**" means any Guarantor under a Guarantee of the Obligations or any part thereof, any Borrower and any other Person (other than Agent, a Lender or a participant of a Lender), whether now existing or hereafter acquired or formed, that becomes obligated as a borrower, guarantor, surety, indemnitor, pledgor, assignor or other obligor under any Financing Document; and "**Credit Parties**" means all such Persons, collectively.

"**Cure Period**" has the meaning set forth in Section 10.11.

"**Cure Right**" has the meaning set forth in Section 10.11.

"**Debt**" of a Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except (i) trade accounts payable arising in the Ordinary Course of Business and paid within 120 days of when due, (ii) current non-trade payables arising and paid on a timely basis in the Ordinary Course of Business, and (iii) liabilities associated with customary prepayments and deposits, (d) all capital leases of such Person, (e) all non-contingent obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit, banker's acceptance or similar instrument, (f) all Disqualified Equity Interests, (g) all obligations secured by a Lien on any asset of such Person, whether or not such obligation is otherwise an obligation of such Person, (h) "earnouts", purchase price adjustments, profit sharing arrangements, deferred purchase money amounts and similar payment obligations or continuing obligations of any nature of such Person arising out of purchase and sale contracts, in each case only to the extent such obligation has become a liability on the balance sheet of such person in accordance with GAAP, (i) all Debt of others Guaranteed by such Person, (j) off-balance sheet liabilities and/or Pension Plan or Multiemployer Plan liabilities of such Person, (k) obligations arising under non-compete agreements, and (l) obligations arising under bonus, deferred compensation, incentive compensation or similar arrangements, other than those arising in the Ordinary Course of Business. Without duplication of any of the foregoing, Debt of Borrowers shall include any and all Loans and Letter of Credit Liabilities.

"**Default**" means any condition or event which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"**Defaulted Lender**" means, so long as such failure shall remain in existence and uncured, any Lender which shall have failed to make any Loan or other credit accommodation, disbursement, settlement or reimbursement required pursuant to the terms of any Financing Document.

"**Deposit Account**" means a "deposit account" (as defined in Article 9 of the UCC), an investment account, or other account in which funds are held or invested for credit to or for the benefit of any Borrower.

"**Deposit Account Control Agreement**" means an agreement, in form and substance reasonably satisfactory to Agent, among Agent, any Borrower and each financial institution in which such Borrower maintains a Deposit Account, which agreement provides that (a) such financial institution shall comply with instructions originated by Agent directing disposition of the funds in such Deposit Account without further consent by the applicable Borrower, and (b) such financial institution shall agree that it shall have no Lien on, or right of setoff or recoupment against, such Deposit Account or the contents thereof, other than in respect of usual and customary service fees and returned items for which Agent has been given value, in each such case expressly consented to by Agent (acting reasonably), and containing such other terms and conditions as Agent may reasonably require, including as to any such agreement pertaining to any Lockbox Account, providing that such financial institution shall wire, or otherwise

transfer, in immediately available funds, on a daily basis to the Payment Account all funds received or deposited into such Lockbox or Lockbox Account.

"**Device**" means any instrument, apparatus, implement, machine, contrivance, implant, in vitro reagent, or other similar or related article, including any component, part, or accessory, which is (a) recognized in the official National Formulary, or the United States Pharmacopeia, or any supplement to them, (b) intended for use in the diagnosis of disease or other conditions, or in the cure, mitigation, treatment, or prevention of disease, in man or other animals, (c) intended to affect the structure or any function of the body of man or other animals; and which does not achieve its primary intended purposes through chemical action within or on the body of man or other animals and which is not dependent upon being metabolized for the achievement of its primary intended purposes, or (d) any product otherwise classified as a "device" under the FD&C Act.

"**Device Approval Application**" means, with respect to any Device, a premarket approval application (PMA) submitted under Section 515 of the FD&C Act (21 U.S.C. § 360e), a de novo request submitted under Section 513(f) of the FD&C Act (21 U.S.C. § 360c(f)), or premarket notification submitted under Section 510(k) of the FD&C Act (21 U.S.C. § 360(k)), or any corresponding foreign application.

"**Disqualified Equity Interest**" means, with respect to any Person, any equity interest in such Person that by its terms (or by the terms of any security or other equity interest into which it is convertible or for which it is exchangeable, either mandatorily or at the option of anyone other than such Person), or upon the happening of any date certain, event or other condition (except, in the case of the following clauses (a), (b) and (c), as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale shall be subject to the prior payment in full of all Loans and all other Obligations (other than with respect to contingent indemnification obligations for which no claim has been made), and the termination of the Revolving Loan Commitment): (a) matures or is mandatorily redeemable (other than solely for equity interests in such Person that do not constitute Disqualified Equity Interests and cash in lieu of fractional shares of such equity interests), whether pursuant to a sinking fund obligation or otherwise; (b) is convertible or exchangeable at the option of the holder thereof for Debt or equity interests (other than solely for equity interests in such Person that do not constitute Disqualified Equity Interests and cash in lieu of fractional shares of such equity interests); (c) is or may be redeemable (other than solely for equity interests in such Person that do not constitute Disqualified Equity Interests and cash in lieu of fractional shares of such equity interests) or is or may be required to be repurchased by such Person or any of its Affiliates, in whole or in part, at the option of the holder thereof; (d) requires the payment of any cash dividend or any other scheduled cash payment constituting a return of capital; or (e) is or becomes convertible into or exchangeable for Debt or any other equity interests that would constitute Disqualified Equity Interests; in each case, on or prior to the date that occurs 91 days after the Stated Commitment Expiry Date, *provided* that if such equity interests are issued pursuant to a plan to, or for the benefit of, future, current or former employees, directors, officers, member of management or consultants of any Borrower or any Subsidiary, such equity interests shall not constitute "Disqualified Equity Interests" solely because they may be permitted to be repurchased by such Borrower or such Subsidiary in order to satisfy applicable statutory or regulatory obligations or as a result of any employee's, director's, officer's,

management member's or consultant's termination of employment or service (as applicable), death or disability.

"**Distribution**" means as to any Person (a) any dividend or other distribution (whether in cash, securities or other property) with respect to any equity interest in such Person (except those payable solely in its equity interests to the extent not Disqualified Equity Interests), (b) any payment by such Person on account of (i) the purchase, redemption, retirement, defeasance, surrender, cancellation, termination or acquisition of any equity interests in such Person or any claim respecting the purchase or sale of any equity interest in such Person, or (ii) any option, warrant or other right to acquire any equity interests in such Person, (c) any management fees, salaries or other fees or compensation to any Person holding an equity interest in a Borrower or a Subsidiary of a Borrower (other than (i) payments of salaries to individuals, (ii) directors' fees, and (iii) advances and reimbursements to employees or directors, all in the Ordinary Course of Business), an Affiliate of a Borrower or an Affiliate of any Subsidiary of a Borrower or (d) repayments of or debt service on loans or other indebtedness held by any Person holding an equity interest in a Borrower or a Subsidiary of a Borrower unless permitted under and made pursuant to a Subordination Agreement applicable to such loans or other indebtedness. The parties hereto agree, for the avoidance of doubt but without limiting in any way the terms of this Agreement that may restrict such payments, that any payments with respect to the Convertible Notes Debt do not constitute a Distribution.

"**Dollars**" or "**$**" means the lawful currency of the United States of America.

"**Domestic Subsidiary**" means any Subsidiary that is organized and existing under the laws of the United States or any state or commonwealth thereof or under the laws of the District of Columbia.

"**Early Maturity Date**" means, with respect to any series of 2018 Convertible Notes, the date that is 91 days prior to the stated maturity date for such series of 2018 Convertible Notes set forth in the applicable Indenture.

"**EBITDA**" has the meaning provided in the Compliance Certificate.

"**Eligible Accounts**" means, collectively, the Eligible Domestic Accounts and Eligible Foreign Accounts.

"**Eligible Domestic Account**" means, subject to the criteria below, an account receivable of a Borrower, which (i) was generated in the Ordinary Course of Business, (ii) was generated originally in the name of a Borrower and not acquired via assignment or otherwise, (iii) is not an Eligible Foreign Account, and (iv) Agent, in its good faith credit judgment and discretion, deems to be an Eligible Domestic Account. The net amount of an Eligible Domestic Account at any time shall be (a) the face amount of such Eligible Domestic Account as originally billed *minus* all cash collections and other proceeds of such Account received from or on behalf of the Account Debtor thereunder as of such date and any and all returns, rebates, discounts (which may, at Agent's option, be calculated on shortest terms), credits, allowances or excise taxes of any nature at any time issued, owing, claimed by Account Debtors, granted, outstanding or payable in connection with such Accounts at such time, and (b) adjusted by applying percentages

(known as "**Domestic Account liquidity factors**") by payor and/or payor class based upon the applicable Borrower's actual recent collection history for each such payor and/or payor class in a manner consistent with Agent's underwriting practices and procedures. Such Domestic Account liquidity factors may be adjusted by Agent from time to time as warranted by Agent's underwriting practices and procedures and using Agent's good faith credit judgment. Without limiting the generality of the foregoing, no Account shall be an Eligible Domestic Account if:

(a) the Account remains unpaid more than one hundred twenty (120) days past the claim or invoice date;

(b) the Account is subject to any defense, set-off, recoupment, counterclaim, deduction, discount, credit, chargeback, freight claim, allowance, or adjustment of any kind (but only to the extent of such defense, set-off, recoupment, counterclaim, deduction, discount, credit, chargeback, freight claim, allowance, or adjustment), or the applicable Borrower is not able to bring suit or otherwise enforce its remedies against the Account Debtor through judicial process;

(c) if the Account arises from the sale of goods, any part of any goods the sale of which has given rise to the Account has been returned, rejected, lost, or damaged (but only to the extent that such goods have been so returned, rejected, lost or damaged);

(d) if the Account arises from the sale of goods, the sale was not an absolute, bona fide sale, or the sale was made on consignment or on approval or on a sale-or-return or bill-and-hold or progress billing basis, or the sale was made subject to any other repurchase or return agreement, or the goods have not been shipped to the Account Debtor or its designee or the sale was not made in compliance with applicable Laws;

(e) if the Account arises from the performance of services, the services have not actually been performed or the services were undertaken in violation of any Law or the Account represents a progress billing for which services have not been fully and completely rendered;

(f) the Account is subject to a Lien other than a Permitted Lien, or Agent does not have a first priority, perfected Lien on such Account;

(g) the Account is evidenced by Chattel Paper or an Instrument (other than checks and other ordinary course payment instruments) of any kind, or has been reduced to judgment, unless such Chattel Paper or Instrument has been delivered to Agent;

(h) the Account Debtor is an Affiliate or Subsidiary of a Credit Party, or the Account Debtor holds any Debt of a Credit Party;

(i) more than fifty percent (50%) of the aggregate balance of all Accounts owing from the Account Debtor obligated on the Account are ineligible under subclause (a) of this definition (in which case all Accounts from such Account Debtor shall be ineligible);

(j) [Reserved];

(k) the total unpaid Accounts of the Account Debtor obligated on the Account exceed thirty percent (30%) of the net amount of all Eligible Accounts owing from all Account Debtors (but only the amount of the Accounts of such Account Debtor exceeding such thirty percent (30%) limitation shall be considered ineligible);

(l) any covenant, representation or warranty contained in the Financing Documents with respect to such Account has been breached in any material respect;

(m) the Account is unbilled or has not been invoiced to the Account Debtor in accordance with the procedures and requirements of the applicable Account Debtor;

(n) the Account is an obligation of a Governmental Account Debtor, unless Agent has agreed to the contrary in writing and Agent has received from the Account Debtor the acknowledgement of Agent's notice of assignment of such obligation pursuant to this Agreement;

(o) the Account is an obligation of an Account Debtor that has suspended business, made a general assignment for the benefit of creditors, is unable to pay its debts as they become due or as to which a petition has been filed (voluntary or involuntary) under any law relating to bankruptcy, insolvency, reorganization or relief of debtors;

(p) the Account Debtor has its principal place of business or executive office outside the United States;

(q) the Account is payable in a currency other than United States dollars;

(r) the Account Debtor is an individual;

(s) at all times following the Collections Account Post-Closing Period, the Borrower owning such Account has not signed and delivered to Agent notices, in the form requested by Agent, directing the Account Debtors to make payment to the applicable Lockbox Account;

(t) the Account includes late charges or finance charges (but only such portion of such Account shall be ineligible);

(u) the Account arises out of the sale of any Inventory upon which any other Person holds a Lien (other than a Permitted Lien); or

(v) the Account or Account Debtor fails to meet such other commercially reasonable specifications and requirements which may from time to time be established by Agent in its good faith credit judgment and discretion and based, in each case, on the results of borrowing base audits and customary related due diligence conducted by Agent from time to time after the Closing Date.

"**Eligible Assignee**" means any Person, other than an Excluded Person, that is (a) a Lender, (b) an Affiliate of a Lender, (c) an Approved Fund, and (d) any other Person (other than a natural person) approved by Agent; *provided*, *however*, that notwithstanding the foregoing,

(x) "**Eligible Assignee**" shall not include any Borrower or any of a Borrower's Affiliates, and (y) no proposed assignee intending to assume all or any portion of the Revolving Loan Commitment shall be an Eligible Assignee unless such proposed assignee either already holds a portion of such Revolving Loan Commitment, or has been approved as an Eligible Assignee by Agent.

"**Eligible Foreign Account**" means, subject to the criteria below, an account receivable of a Borrower, which (i) was generated in the Ordinary Course of Business, (ii) was generated originally in the name of a Borrower and not acquired via assignment or otherwise, (iii) is not an Eligible Domestic Account, and (iv) Agent, in its good faith credit judgment and discretion, deems to be an Eligible Foreign Account. Accounts denominated in foreign currencies shall be converted to US Dollars upon delivery by Borrowers of the current Borrowing Base Certificate at the then-current market rate approved by Agent in its reasonable discretion. The net amount of an Eligible Foreign Account at any time shall be (a) the face amount of such Eligible Foreign Account as originally billed minus all cash collections and other proceeds of such Account received from or on behalf of the Account Debtor thereunder as of such date and any and all returns, rebates, discounts (which may, at Agent's option, be calculated on shortest terms), credits, allowances or excise taxes of any nature at any time issued, owing, claimed by Account Debtors, granted, outstanding or payable in connection with such Accounts at such time, and (b) adjusted by applying percentages (known as "**Foreign Account liquidity factors**") by payor and/or payor class based upon the applicable Borrower's actual recent collection history for each such payor and/or payor class in a manner consistent with Agent's underwriting practices and procedures. Such Foreign Account liquidity factors may be adjusted by Agent from time to time as warranted by Agent's underwriting practices and procedures and using Agent's good faith credit judgment. Without limiting the generality of the foregoing, no Account shall be an Eligible Foreign Account if:

(a) the Account remains unpaid more than one hundred twenty (120) days past the claim or invoice date;

(b) the Account is subject to any defense, set-off, recoupment, counterclaim, deduction, discount, credit, chargeback, freight claim, allowance, or adjustment of any kind (but only to the extent of such defense, set-off, recoupment, counterclaim, deduction, discount, credit, chargeback, freight claim, allowance, or adjustment), or the applicable Borrower is not able to bring suit or otherwise enforce its remedies against the Account Debtor through judicial process;

(c) if the Account arises from the sale of goods, any part of any goods the sale of which has given rise to the Account has been returned, rejected, lost, or damaged (but only to the extent that such goods have been so returned, rejected, lost or damaged);

(d) if the Account arises from the sale of goods, the sale was not an absolute, bona fide sale, or the sale was made on consignment or on approval or on a sale-or-return or bill-and-hold or progress billing basis, or the sale was made subject to any other repurchase or return agreement, or the goods have not been shipped to the Account Debtor or its designee or the sale was not made in compliance with applicable Laws;

(e) if the Account arises from the performance of services, the services have not actually been performed or the services were undertaken in violation of any Law or the Account represents a progress billing for which services have not been fully and completely rendered;

(f) the Account is subject to a Lien other than a Permitted Lien, or Agent does not have a first priority, perfected Lien on such Account;

(g) the Account is evidenced by Chattel Paper or an Instrument (other than checks and other ordinary course payment instruments) of any kind, or has been reduced to judgment, unless such Chattel Paper or Instrument has been delivered to Agent;

(h) the Account Debtor is an Affiliate or Subsidiary of a Credit Party, or the Account Debtor holds any Debt of a Credit Party;

(i) more than fifty percent (50%) of the aggregate balance of all Accounts owing from the Account Debtor obligated on the Account are ineligible under subclause (a) of this definition (in which case all Accounts from such Account Debtor shall be ineligible);

(j) [Reserved];

(k) the total unpaid Accounts of the Account Debtor obligated on the Account exceed thirty percent (30%) of the net amount of all Eligible Accounts owing from all Account Debtors (but only the amount of the Accounts of such Account Debtor exceeding such thirty percent (30%) limitation shall be considered ineligible);

(l) any covenant, representation or warranty contained in the Financing Documents with respect to such Account has been breached in any material respect;

(m) the Account is unbilled or has not been invoiced to the Account Debtor in accordance with the procedures and requirements of the applicable Account Debtor;

(n) the Account is an obligation of a Governmental Account Debtor, unless Agent has agreed to the contrary in writing and Agent has received from the Account Debtor the acknowledgement of Agent's notice of assignment of such obligation pursuant to this Agreement;

(o) the Account is an obligation of an Account Debtor that has suspended business, made a general assignment for the benefit of creditors, is unable to pay its debts as they become due or as to which a petition has been filed (voluntary or involuntary) under any law relating to bankruptcy, insolvency, reorganization or relief of debtors;

(p) [Reserved];

(q) [Reserved];

(r) the Account Debtor is an individual;

(s) at all times following the Collections Account Post-Closing Period, the Borrower owning such Account has not signed and delivered to Agent notices, in the form requested by Agent, directing the Account Debtors to make payment to the applicable Lockbox Account;

(t) the Account includes late charges or finance charges (but only such portion of such Account shall be ineligible);

(u) the Account arises out of the sale of any Inventory upon which any other Person holds a Lien (other than a Permitted Lien); or

(v) the Account or Account Debtor fails to meet such other commercially reasonable specifications and requirements which may from time to time be established by Agent in its good faith credit judgment and discretion and based, in each case, on the results of borrowing base audits and customary related due diligence conducted by Agent from time to time after the Closing Date.

"**Eligible Inventory**" means Inventory owned by a Borrower and acquired and dispensed by such Borrower in the Ordinary Course of Business that Agent, in its good faith credit judgment and discretion, deems to be Eligible Inventory. Without limiting the generality of the foregoing, no Inventory shall be Eligible Inventory if:

(a) such Inventory is not owned by a Borrower free and clear of all Liens and rights of any other Person (other than Agent and other than Permitted Liens) (including the rights of a purchaser that has made progress payments and the rights of a surety that has issued a bond to assure such Borrower's performance with respect to that Inventory);

(b) such Inventory is placed on consignment or is in transit, in each case, as reasonably determined by Borrower Representative;

(c) such Inventory is covered by a negotiable document of title, unless such document has been delivered to Agent with all necessary endorsements, free and clear of all Liens except those in favor of Agent;

(d) such Inventory is excess, obsolete, unsalable, shopworn, seconds, damaged, unfit for sale, unfit for further processing, is of substandard quality or is not of good and merchantable quality, free from any defects, in each case, as reasonably determined in accordance with GAAP (to the extent applicable);

(e) such Inventory consists of marketing materials, display items or packing or shipping materials, manufacturing supplies (other than Raw Material Inventory);

(f) such Inventory is not subject to a first priority Lien in favor of Agent;

(g) such Inventory consists of goods that can be transported or sold only with licenses that are not readily available or of any substances defined or designated as hazardous or toxic waste, hazardous or toxic material, hazardous or toxic substance, or similar term, by any Environmental Law or any Governmental Authority applicable to Borrowers or their business, operations or assets;

(h) such Inventory is not covered by casualty insurance acceptable to Agent;

(i) any covenant, representation or warranty contained in the Financing Documents with respect to such Inventory has been breached in any material respect;

(j) such Inventory is located (i) outside of the continental United States or (ii) on premises where the aggregate amount of all Inventory (valued at cost) of Borrowers located thereon is less than $150,000;

(k) without limiting clause (l) below, such Inventory is located on premises containing an excess of $150,000 of Inventory (valued at cost) with respect to which Agent has not received a landlord, warehouseman, bailee or mortgagee letter reasonably acceptable in form and substance to Agent unless Agent has instituted a Rent and Charges Reserve for such premises;

(l) such Inventory is located at an Access Agreement Location with respect to which Agent has not received a landlord, warehouseman, bailee or mortgagee letter reasonably acceptable in form and substance to Agent within the applicable time period set forth in Section 4.11(c);

(m) such Inventory consists of (i) discontinued items, (ii) slow-moving or excess items held in inventory, or (iii) used items held for resale;

(n) other than in the case of Raw Material Inventory, such Inventory does not consist of finished goods;

(o) such Inventory does not meet all standards imposed by any Governmental Authority in all material respects, including with respect to its production, acquisition or importation (as the case may be);

(p) such Inventory is held for rental or lease by or on behalf of Borrowers;

(q) such Inventory is subject to any licensing, patent, royalty, trademark, trade name or copyright agreement with any third parties, which agreement restricts the ability of Agent or any Lender to sell or otherwise dispose of such Inventory; or

(r) such Inventory fails to meet such other commercially reasonable specifications and requirements which may from time to time be established by Agent in its good faith credit judgment and based, in each case, on the results of borrowing base audits and customary related due diligence conducted by Agent from time to time after the Closing Date. Agent and Borrowers agree that Inventory shall be subject to periodic appraisal by Agent and that valuation of Inventory shall be subject to adjustment pursuant to the results of such appraisal. Notwithstanding the foregoing, the valuation of Inventory shall be subject to any legal limitations on sale and transfer of such Inventory.

"**Elk Grove Village Premises**" means the location located at 1200 Kirk Street, Elk Grove Village, IL 60007 at which Collateral is stored.

"**Environmental Laws**" means any Laws pertaining to the protection of environment, natural resources, pollution, or health and human safety (in relation to exposure to Hazardous Materials), that apply to any Borrower, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601 *et seq.*), the Resource Conservation and Recovery Act of 1976 (42 U.S.C. § 6901 *et seq.*), the Federal Water Pollution Control Act (33 U.S.C. § 1251 *et seq.*), the Hazardous Materials Transportation Act (49 U.S.C. § 5101 *et seq.*), the Clean Air Act (42 U.S.C. § 7401 *et seq.*), the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. § 136 *et seq.*), the Emergency Planning and Community Right-to-Know Act (42 U.S.C. § 11001 *et seq.*), the Occupational Safety and Health Act (29 U.S.C. § 651 *et seq.*), the Residential Lead-Based Paint Hazard Reduction Act (42 U.S.C. § 4851 *et seq.*), any analogous state or local laws, any amendments thereto, and the regulations promulgated pursuant to said laws, together with all amendments from time to time to any of the foregoing and judicial interpretations thereof.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as the same may be amended, modified or supplemented from time to time, and any successor statute thereto, and any and all rules or regulations promulgated from time to time thereunder.

"**ERISA Plan**" means any "employee benefit plan", as such term is defined in Section 3(3) of ERISA (other than a Multiemployer Plan), which any Borrower maintains, sponsors or contributes to, or, in the case of an employee benefit plan which is subject to Section 412 of the Code or Title IV of ERISA, to which any Borrower or any member of the Controlled Group may have any liability, including any liability by reason of having been a substantial employer within the meaning of Section 4063 of ERISA at any time during the preceding five (5) years, or by reason of being deemed to be a contributing sponsor under Section 4069 of ERISA.

"**Excluded Account**" means (a) any Deposit Account specifically and exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of any Credit Party's employees and (b) any Deposit Accounts holding deposits at any time in an aggregate amount not in excess of $1,000,000 for any one Deposit Account and $3,000,000 in the aggregate for all such Deposit Accounts.

"**Excluded Perfection Assets**" has the meaning set forth in Section 9.2(g).

"**Excluded Person**" means any Person that is (a) designated by Borrower Representative, by written notice delivered to Agent on or prior to the date hereof, as a (i) disqualified institution or (ii) Competitor or (b) clearly identifiable, solely on the basis of such Person's name, as an Affiliate of any Person referred to in clause (a) above; *provided*, *however*, Excluded Person shall (A) exclude any Person that Borrower Representative has designated as no longer being a Excluded Person by written notice delivered to Agent from time to time and (B) include any Person that is added as a Competitor, pursuant to a written replacement list of Competitors that are Excluded Persons, that is delivered by Borrower Representative to Agent not more than once per year. Such replacement list shall become ninety (90) days after the date that such written supplement is delivered to Agent, but which shall not apply retroactively to disqualify any Persons that have previously acquired an assignment or participation interest in the Loans and/or Revolving Loan Commitment as permitted herein. In no event shall a Bona Fide Lending

Affiliate be an Excluded Person unless such Bona Fide Lending Affiliate is identified under clause (a)(i) above. Notwithstanding any other provision of this Agreement, there shall be no Excluded Persons other than Competitors if an Event of Default has occurred and is continuing.

"**Excluded Property**" means (a) more than 65% of the voting stock of each Excluded Subsidiary that is a Foreign Subsidiary or FSHCO directly held by any Borrower; (b) any lease, license, contract, permit, letter of credit, instrument, or agreement to which a Borrower is a party or any of its rights or interests thereunder if and to the extent that the grant of such security interest shall constitute or result in (i) the abandonment, invalidation or unenforceability of any right, title or interest of any Borrower therein or (ii) result in a breach or termination pursuant to the terms of, or a default under, any such lease, license, contract, permit, agreement or other property right (other than to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC of any relevant jurisdiction or any other applicable law); provided, however, that such security interest or lien (x) shall attach immediately at such time as the condition causing such abandonment, invalidation or unenforceability shall be remedied, (y) to the extent severable, shall attach immediately to each term of such lease, license, contract, property rights or agreement that does not result in any of the consequences specified in (i) or (ii) above and (z) shall attach immediately to each such lease, license, contract, property rights or agreement to which the Account Debtor or the Borrower's counterparty has consented to such attachment; (c) any asset, including any asset that is the subject of any Permitted Debt contemplated by subpart (c) of the definition thereof, the grant of a security interest in which would result in (i) the abandonment, invalidation or unenforceability of any right,

title or interest of any Credit Party therein or (ii) result in a breach or termination pursuant to the terms of, or a default under, any contract relating to such asset (other than to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC of any relevant jurisdiction or any other applicable law); provided, however, that such security interest or lien (x) shall attach immediately at such time as the condition causing such abandonment, invalidation or unenforceability shall be remedied, (y) to the extent severable, shall attach immediately to each term of such asset that does not result in any of the consequences specified in (i) or (ii) above and (z) shall attach immediately to each such asset to which the Account Debtor or the Borrower's counterparty has consented to such attachment; (d) any real estate asset that (i) is a leasehold interest, or (ii) is not Material Real Property; (e) any assets located outside the United States (other than with respect to the equity interests of any direct Foreign Subsidiary of a Borrower) that require action under the law of any jurisdiction other than the United States to create or perfect a security interest in such assets under such jurisdiction other than the United States, including any Intellectual Property registered in any jurisdiction other than the United States, if the creation of pledges of, or security interests in, any such property or assets would reasonably be expected to result in material adverse income tax consequences to Borrower Representative and its Subsidiaries, as reasonably determined by Agent; (f) any motor vehicle, airplane or any other asset subject to a certificate of title to the extent a Lien therein cannot be perfected by the filing of a UCC financing statement; and (g) any "intent-to-use" trademark or service mark application for which an amendment to allege use or statement of use has not been filed under 15 U.S.C. § 1051(c) or 15 U.S.C. § 1051(d), respectively, or if filed, has not been deemed in conformance with 15 U.S.C. § 1051(a) or examined and accepted, respectively by the United States Patent and Trademark Office.

"**Excluded Subsidiary**" means (a) any Foreign Subsidiary, (b) any FSHCO, (c) any Subsidiary that is not a direct or indirect Wholly-Owned Subsidiary of Accuray, (d) any Subsidiary that is prohibited or restricted by applicable Law as in effect on the Closing Date (or, in the case of any newly acquired Subsidiary, in existence at the time of acquisition) from guaranteeing the Obligations or if guaranteeing the Obligations would require any governmental (including regulatory) consent, approval, license or authorization in order to provide such guarantee that has not been obtained, (e) a Subsidiary with respect to which, in the reasonable judgment of Agent, the burden or cost of providing a Guarantee shall be excessive in view of the benefits to be obtained by Lenders therefrom and (f) subject to Section 5.17, Morphormics Inc.

"**Excluded Taxes"** means any of the following Taxes imposed on or with respect to Agent, any Lender or required to be withheld or deducted from a payment to Agent or any Lender, (a) Taxes imposed on or measured by such Agent's or Lender's (as applicable) net income (however denominated), franchise Taxes and branch profit Taxes, in each case, imposed by the jurisdiction (or any political subdivision thereof) under which Agent or such Lender is organized, has its principal office or conducts business with respect to entering into this Agreement or taking any action hereunder, (b) Other Connection Taxes, (c) in the case of a Lender, United States federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in the Loans pursuant to a Law in effect on the date on which (i) such Lender becomes a party to this Agreement other than as a result of an assignment requested by a Credit Party under the terms hereof or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.8, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender acquired the applicable interest in a Loan, Letter of Credit or Commitment or to such Lender immediately before it changed its lending office, (d) Taxes attributable to Agent or any Lender's failure to comply with Section 2.8(c)(i) and (e) any withholding Taxes imposed under FATCA.

"**Event of Default**" has the meaning set forth in Section 10.1.

"**FATCA**" means (i) Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreement entered into pursuant to the implementation of Section 1471(b)(1) of the Code, and any intergovernmental agreement between the United States Internal Revenue Service, the United States Government and any governmental or taxation authority under any other jurisdiction which agreement's principal purposes deals with the implementation of such sections of the Code, and any fiscal or regulatory legislation, rules or practices adopted pursuant to any such intergovernmental agreement.

"**FDA**" means the United States Food and Drug Administration and any successor agency or entity thereof or any analogous agency or entity in any other jurisdiction.

"**FD&C Act**" means the United States Food, Drug and Cosmetic Act (21 U.S.C. 321 et seq., including, without limitation, the Electronic Product Radiation Control provisions and Medical Device provisions thereof (or any successor thereto), as amended from time to time, and the rules, regulations, guidelines, guidance documents and compliance policy guides issued or

promulgated thereunder, or any analogous Requirements of Law in any other jurisdiction, including but not limited to the various states of the United States.

"**Federal Funds Rate**" means, for any day, the rate of interest per annum (rounded upwards, if necessary, to the nearest whole multiple of 1/100 of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, *provided, however*, that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day, and (b) if no such rate is so published on such next preceding Business Day, the Federal Funds Rate for such day shall be the average rate quoted to Agent on such day on such transactions as determined by Agent.

"**Fee Letter**" means that certain letter agreement between Agent and Borrowers relating to fees payable to Agent, for its own account, in connection with the execution of this Agreement.

"**Financial Statements**" means (a) the audited consolidated balance sheet of Accuray and its Consolidated Subsidiaries for the fiscal year ended June 30, 2016 and the related consolidated statement of operations, shareholders' equity and cash flows for the fiscal year then ended and (b) the unaudited consolidated balance sheet of Accuray and its Consolidated Subsidiaries for the nine (9) months ended March 31, 2017 and the related consolidated statement of operations, shareholders' equity and cash flows for the nine (9) months then ended.

"**Financing Documents**" means this Agreement, any Notes, the Security Documents, the Fee Letter, any subordination or intercreditor agreement pursuant to which any Debt and/or any Liens securing such Debt are subordinated to all or any portion of the Obligations and all other documents,

instruments and agreements related to the Obligations and heretofore executed, executed concurrently herewith or executed at any time and from time to time hereafter, as any or all of the same may be amended, supplemented, restated or otherwise modified from time to time.

"**Foreign Subsidiary**" means any Subsidiary that is not a Domestic Subsidiary.

"**FSHCO**" means a Domestic Subsidiary (i) all of the assets (other than immaterial assets) of which consist of equity interests (or equity interests and indebtedness) of one or more CFCs, (ii) that, with respect to any CFC in which it holds an equity interest, owns no less than sixty-six and two-thirds percent (66 2/3%) of the voting (within the meaning of Treasury Regulation Section 1.956 2(c)(2)) stock or equity interests of such CFC and (iii) that does not conduct any business or activity other than ownership of such equity interests; provided, further, that a FSHCO shall be a "FSHCO" only for so long as it meets each of the requirements of the foregoing definition.

"**GAAP**" means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within

the United States accounting profession), which are applicable to the circumstances as of the date of determination.

"**General Intangible**" means any "general intangible" as defined in Article 9 of the UCC, and any personal property, including things in action, other than accounts, chattel paper, commercial tort claims, deposit accounts, documents, goods, instruments, investment property, letter-of-credit rights, letters of credit, money, and oil, gas or other minerals before extraction, but including payment intangibles and software.

"**Governmental Account Debtor**" means any Account Debtor that is a Governmental Authority.

"**Governmental Authority**" means any nation or government, any state, local or other political subdivision thereof, and any agency, department or Person exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation or other Person owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing, whether domestic or foreign.

"**Guarantee**" by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise), or (b) entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), *provided*, *however*, that the term Guarantee shall not include endorsements for collection or deposit in the Ordinary Course of Business. The term "**Guarantee**" used as a verb has a corresponding meaning.

"**Guarantor**" means any Credit Party that has executed or delivered, or shall in the future execute or deliver, any Guarantee of any portion of the Obligations, in each case, other than an Excluded Subsidiary.

"**Hazardous Materials**" means petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives, flammable materials; radioactive materials; polychlorinated biphenyls and compounds containing them; lead and lead-based paint; asbestos or asbestos-containing materials; and any other material or substance defined as a "hazardous substance," "hazardous material," "hazardous waste," "toxic substance," "toxic pollutant," "contaminant," "pollutant" or other words of similar import within the meaning of any Environmental Law.

"**Healthcare Law**" means the laws, codes, policies and guidelines of all Governmental Authorities relating to the production, preparation, propagation, compounding, conversion, pricing, marketing, promotion, sale, distribution, coverage, or reimbursement of a drug, device, biological or other medical item, supply or service, including, without limitation, the FD&C Act,

the federal False Claims Act (31 U.S.C. §§ 3729 et seq.), the federal healthcare program anti-kickback statute (42 U.S.C. § 1320a-7b), the healthcare fraud, false statement and health information privacy and security provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA), as amended by the Health Information Technology for Economic and Clinical Health (HITECH) Act ("**HIPAA**"), the federal healthcare program civil money penalty and exclusion authorities, the applicable requirements of Medicare, Medicaid and other healthcare programs of other Governmental Authorities, including the Veterans Health Administration and United States Department of Defense healthcare and contracting programs, and the analogous Requirements of Law of any other jurisdiction.

"**HIPAA**" has the meaning set forth in the definition of Healthcare Laws.

"**IDE**" means an application, including an application filed with a Governmental Authority, for authorization to commence human clinical studies, including (a) an Investigational Device Exemption as defined in the FD&C Act or any successor application or procedure filed with the FDA, (b) an abbreviated IDE as specified in FDA regulations in 21 C.F.R. § 812.2(b), (c) any equivalent of a United States IDE in other countries or regulatory jurisdictions, (d) all amendments, variations, extensions and renewals thereof that may be filed with respect to the foregoing and (e) all related documents and correspondence thereto, including documents and correspondence with institutional review boards or IECs.

"**IECs**" means independent ethics committees.

"**Indemnified Taxes**" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of Borrowers or any other Credit Party under any Financing Document and (b) to the extent not otherwise described in (a), Other Taxes.

"**Indenture**" means (a) that certain Indenture, dated as of February 13, 2013, between Accuray and The Bank of New York Mellon Trust Company, N.A., as trustee, (b) that certain Indenture, dated as of April 24, 2014, between Accuray and The Bank of New York Mellon Trust Company, N.A., as trustee

and (c) any indenture or similar document setting forth the terms of any Permitted Refinancing Debt described in clause (c) of the definition of 2018 Convertible Notes.

"**Instrument**" means "instrument", as defined in Article 9 of the UCC.

"**Intellectual Property**" means, with respect to any Person, all patents and patent applications, including improvements divisions, continuation, renewals, reissues, extensions and continuations in part of the same, trademarks, trade names, trade styles, trade dress, service marks, logos and other business identifiers and, to the extent permitted under applicable law, any applications therefor, whether registered or not, and the goodwill of the business of such Person connected with and symbolized thereby, copyright rights, copyright applications and copyright registrations in each work of authorship and derivative works, whether published or unpublished, technology, know-how and processes, operating manuals, trade secrets, computer hardware and software, rights to unpatented inventions and all applications and licenses therefor, used in or

necessary for the conduct of business by such Person and all claims for damages by way of any past, present or future infringement of any of the foregoing.

"**Interest Period**" means any ninety (90) day period commencing on the first day of each calendar month, reset monthly.

"**Inventory**" means "inventory" as defined in Article 9 of the UCC.

"**Investment**" means, with respect to any Person, (a) any investment by such Person in any other Person (including Affiliates) in the form of loans, guarantees, advances or other extensions of credit (excluding Accounts arising in the Ordinary Course of Business), capital contributions or acquisitions of debt (including, any bonds, notes, debentures or other debt securities), equity interests, or all or substantially all of the assets of such other Person (or of any division or business line of such other Person), (b) the purchase or ownership of any futures contract or liability for the purchase or sale of currency or other commodities at a future date in the nature of a futures contract, or (c) any investment in any other items that are or would be classified as investments on a balance sheet of such Person prepared in accordance with GAAP. For purposes of covenant compliance, the amount of any Investment at any time shall be the amount actually invested (measured at the time made), without adjustment for subsequent increases or decreases in the value of such Investment, less any Returns to any Credit Party or the applicable Subsidiary in respect of such Investment; *provided* the aggregate amount of such Returns shall not exceed the original amount of such Investment.

"**Joinder Requirements**" has the meaning set forth in Section 4.11.

"**Laws**" means any and all federal, state, provincial, territorial, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, codes, injunctions, permits, governmental agreements and governmental restrictions, whether now or hereafter in effect, which are applicable to any Credit Party in any particular circumstance. "**Laws**" includes, without limitation, Environmental Laws.

"**LC Issuer**" means one or more banks, trust companies or other Persons in each case expressly identified by Agent from time to time, in its sole discretion, as an LC Issuer for purposes of issuing one or more Letters of Credit hereunder. Without limitation of Agent's discretion to identify any Person as an LC Issuer, no Person shall be designated as an LC Issuer unless such Person maintains reporting systems acceptable to Agent with respect to letter of credit exposure and agrees to provide regular reporting to Agent satisfactory to it with respect to such exposure.

"**Lender**" means each of (a) MCF, in its capacity as a lender hereunder, (b) each other Person party hereto in its capacity as a lender hereunder, (c) each other Person that becomes a party hereto as Lender pursuant to Section 11.17, and (d) the respective successors of all of the foregoing, and "**Lenders**" means all of the foregoing.

"**Lender Letter of Credit**" means a Letter of Credit issued by an LC Issuer that is also, at the time of issuance of such Letter of Credit, a Lender.

"**Letter of Credit**" means a standby letter of credit issued for the account of any Borrower by an LC Issuer which expires by its terms within one (1) year after the date of issuance and in any event at least five (5) days prior to the Commitment Expiry Date. Notwithstanding the foregoing, a Letter of Credit may provide for automatic extensions of its expiry date for one or more successive one (1) year periods; *provided*, *however*, that the LC Issuer that issued such Letter of Credit has the right, upon written notice provided to the account party with respect to such Letter of Credit at least thirty (30) days prior to its expiration, to terminate such Letter of Credit on each such annual expiration date and no renewal term may extend the term of the Letter of Credit to a date that is later than the fifth (5th) day prior to the Commitment Expiry Date. Each Letter of Credit shall be either a Lender Letter of Credit or a Supported Letter of Credit.

"**Letter of Credit Liabilities**" means, at any time of calculation, the sum of (a) without duplication, the amount then available for drawing under all outstanding Lender Letters of Credit and all Supported Letters of Credit, in each case without regard to whether any conditions to drawing thereunder can then be met, *plus* (b) without duplication, the aggregate unpaid amount of all reimbursement obligations in respect of previous drawings made under all such Lender Letters of Credit and Supported Letters of Credit.

"**LIBOR Rate**" means, for each Loan, a per annum rate of interest equal to the greater of (a) 1.00% and (b) the rate determined by Agent (rounded upwards, if necessary, to the next 1/100th%) by *dividing* (i) the Base LIBOR Rate for the Interest Period, *by* (ii) the sum of one *minus* the daily average during such Interest Period of the aggregate maximum reserve requirement (expressed as a decimal) then imposed under Regulation D of the Board of Governors of the Federal Reserve System (or any successor thereto) for "Eurocurrency Liabilities" (as defined therein).

"**Lien**" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind, in respect of such asset. For the purposes of this Agreement and the other Financing Documents, any Borrower or any Subsidiary shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

"**Liquidity**" means, on any date of determination, the sum of (x) the aggregate Qualified Cash and (y) the Revolving Loan Availability, in each case as of the date of determination.

"**Liquidity Condition**" means that, on any date of determination, Borrowers have aggregate Qualified Cash of not less than the sum of (x) $25,000,000 plus (y) the outstanding principal amount of the applicable series of 2018 Convertible Notes with respect to which the Early Maturity Date has occurred.

"**Litigation**" means any action, suit or proceeding before any court, mediator, arbitrator or Governmental Authority.

"**Loan Account**" has the meaning set forth in Section 2.6(b).

"**Loan(s)**" means, the Revolving Loans, or any combination of the foregoing, as the context may require.

"**Lockbox**" has the meaning set forth in Section 2.11.

"**Lockbox Account**" means an account or accounts maintained at the Lockbox Bank into which collections of Accounts are paid, which account or accounts shall be, if requested by Agent, opened in the name of Agent (or a nominee of Agent).

"**Lockbox Bank**" has the meaning set forth in Section 2.11.

"**Madison Premises**" means the location leased by TomoTherapy and located at 1209-1240 Deming Way, Madison, WI 53717.

"**Material Adverse Effect**" means a material adverse effect on any of (a) the operations, assets, liabilities or financial condition of the Credit Parties taken as a whole, (b) the ability of the Credit Parties taken as a whole to perform any of their payment or other material obligations under any Financing Document, (c) the legality, validity or enforceability against a Credit Party of this Agreement or any other Financing Document, (d) the rights and remedies of Agent or any Lender under any Financing Document, or (e) the validity, perfection or priority of a Lien in favor of Agent for the benefit of Lenders on Collateral having a fair market value in excess of $1,000,000.

"**Material Contracts**" has the meaning set forth in Section 3.17.

"**Material Real Property**" means any real property located in the United States that is owned by any Borrower with a fair market value (as reasonably determined by the Borrower Representative) in excess of $250,000 individually or $500,000 in the aggregate in fee together with all other real property that is owned by Borrowers and located in the United States.

"**Material Subsidiary**" means any Subsidiary that, at any time, accounts for more than 3% of the EBITDA of Accuray and its Subsidiaries for the most recently ended period for which financial statements have been (or are required to have been) delivered.

"**Maximum Lawful Rate**" has the meaning set forth in Section 2.7.

"**MCF**" means MidCap Financial Trust, a Delaware statutory trust, and its successors and assigns.

"**Middleton Premises**" means the location leased by Accuray and located at 2200 Eagle Drive, Middleton, WI 53562.

"**Multiemployer Plan**" means a multiemployer plan within the meaning of Section 4001(a)(3) of ERISA to which any Borrower or any other member of the Controlled Group is making or accruing an obligation to make contributions or has within the preceding five plan years (as determined on the applicable date of determination) made, or been obligated to make, contributions.

"**Notes**" has the meaning set forth in Section 2.3.

"**Notice of Borrowing**" means a notice of a Responsible Officer of Borrower Representative, appropriately completed and substantially in the form of Exhibit D hereto.

"**Notice of LC Credit Event**" means a notice from a Responsible Officer of Borrower Representative to Agent with respect to any issuance, increase or extension of a Letter of Credit specifying: (a) the date of issuance or increase of a Letter of Credit; (b) the identity of the LC Issuer with respect to such Letter of Credit; (c) the expiry date of such Letter of Credit; (d) the proposed terms of such Letter of Credit, including the face amount; and (e) the transactions that are to be supported or financed with such Letter of Credit or increase thereof.

"**NRC**" means the United States Nuclear Regulatory Commission, and any successor agency or entity thereof or any analogous agency or entity in any other jurisdiction.

"**Obligations**" means all obligations, liabilities and indebtedness (monetary (including, without limitation, the payment of interest and other amounts arising after the commencement of any case with respect to any Credit Party under the Bankruptcy Code or any similar statute which would accrue and become due but for the commencement of such case, whether or not such amounts are allowed or allowable in whole or in part in such case) or otherwise) of each Credit Party under this Agreement or any other Financing Document, in each case howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due. In addition to, but without duplication of, the foregoing, the Obligations shall include, without limitation, all obligations, liabilities and indebtedness arising from or in connection with (a) all Support Agreements, and (b) all Lender Letters of Credit.

"**OFAC**" means the United States Department of the Treasury's Office of Foreign Assets Control.

"**OFAC Lists**" means, collectively, the Specially Designated Nationals and Blocked Persons List maintained by OFAC and/or any other list of terrorists or other restricted Persons maintained by OFAC.

"**Operative Documents**" means the Financing Documents, Subordinated Debt Documents, and any documents effecting any purchase or sale or other transaction that is closing contemporaneously with the closing of the financing under this Agreement.

"**Ordinary Course of Business**" means, in respect of any transaction involving any Credit Party, the ordinary course of business of such Credit Party, as conducted by such Credit Party.

"**Orderly Liquidation Value**" means the net amount (after all costs of sale), expressed in terms of money, which Agent, in its good faith discretion, estimates can be realized from a sale, as of a specific date, given a reasonable period to find a purchaser(s), with the seller being compelled to sell on an as-is/where-is basis.

"**Organizational Documents**" means, with respect to any Person other than a natural person, the documents by which such Person was organized (such as a certificate of

incorporation, certificate of limited partnership or articles of organization, and including, without limitation, any certificates of designation for preferred stock or other forms of preferred equity) and which relate to the internal governance of such Person (such as by-laws, a partnership agreement or an operating, limited liability company or members agreement), including any and all shareholder agreements or voting agreements relating to the capital stock or other equity interests of such Person.

"**Other Connection Taxes**" means, with respect to Agent or any Lender, Taxes imposed as a result of a present or former connection between such recipient and the jurisdiction imposing such Tax (other than connections arising solely from such Agent or such Lender having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under or enforced any Financing Documents).

"**Other Taxes**" means all present or future stamp, court or documentary, intangible, recording, filing or similar taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Financing Document, except any such taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.8(e) or Section 11.7(c)).

"**Participant Register**" has the meaning set forth in Section 11.17(b)(ii).

"**Payment Account**" means the account specified on the signature pages hereof into which all payments by or on behalf of each Borrower to Agent under the Financing Documents shall be made, or such other account as Agent shall from time to time specify by notice to Borrower Representative.

"**PBGC**" means the Pension Benefit Guaranty Corporation and any Person succeeding to any or all of its functions under ERISA.

"**Pension Plan**" means any ERISA Plan that is subject to Section 412 of the Code or Title IV of ERISA.

"**Permits**" means all licenses, certificates, accreditations, product clearances or approvals, provider numbers or provider authorizations, supplier numbers, provider numbers, marketing authorizations, other authorizations, registrations, permits, consents and approvals of Accuray and each of its Subsidiaries required under any Law applicable to the business of Accuray or any of its Subsidiaries or necessary in the manufacturing, importing, exporting, possession, ownership, warehousing, marketing, promoting, sale, labeling, furnishing, distribution or delivery of goods or services under Law applicable to the business of Accuray or any of its Subsidiaries. Without limiting the generality of the foregoing, "Permits" includes all governmental authorizations and Product Authorizations of Accuray and each of its Subsidiaries.

"**Permitted Acquisition**" means any acquisition by a Borrower (an "**Acquisition**"), in each case, to the extent that each of the following conditions shall have been satisfied:

(a) Borrower Representative shall have delivered to Agent (i) for any Acquisition or series of related Acquisitions with an aggregate purchase price (including any

deferred compensation) greater than or equal to $5,000,000, (A) at least five (5) Business Days (or such shorter period as approved by Agent in its sole discretion) prior to the closing of the proposed Acquisition: (x) a description of the proposed Acquisition and (y) to the extent available, a due diligence package (including, to the extent available, a quality of earnings report); and (B) not less than five (5) Business Days following the consummation of such Acquisition, executed counterparts of the material agreements, documents or instruments pursuant to which such Acquisition is to be consummated and any schedules to such agreements, documents or instruments or (ii) for any Acquisition or series of related Acquisitions with an aggregate purchase price (including any deferred compensation) less than $5,000,000, not less than five (5) Business Days following such Acquisition (or such shorter period as approved by Agent in its sole discretion), executed counterparts of the material agreements, documents or instruments pursuant to which such Acquisition is to be consummated and any schedules to such agreements, documents or instruments;

(b) Borrowers (including any new Subsidiary to the extent required by Section 4.11) shall execute and deliver the agreements, instruments and other documents to the extent required by Section 4.11;

(c) no Event of Default has occurred and is continuing, or would exist after giving effect to the proposed Acquisition;

(d) all transactions in connection with such Acquisition shall be consummated, in all material respects, in accordance with applicable Laws;

(e) the assets acquired in such Acquisition are for use in the same line of business as Borrowers are currently engaged or a line of business reasonably related thereto;

(f) such Acquisition shall not be hostile and, if applicable, shall have been approved by the board of directors (or other similar body) and/or the stockholders or other equity holders of any Person being acquired in such Acquisition;

(g) no Debt or Liens are assumed or created (other than Permitted Liens and Permitted Debt) in connection with such Acquisition;

(h) Agent shall have received a certificate of a Responsible Officer of Borrower Representative demonstrating, on a Pro Forma Basis after giving effect to the consummation of such Acquisition, that Borrowers are in compliance with the financial covenant set forth in Article 6;

(i) Except as otherwise agreed by Agent, the total consideration paid or payable (including without limitation, costs and expenses, deferred purchase price, seller notes and other liabilities incurred, assumed or to be reflected on a consolidated balance sheet of the Credit Parties and their Subsidiaries after giving effect to such Acquisition but excluding any equity interests issued as consideration for such Acquisition) ("**Acquisition Consideration**") shall be in an amount not to exceed (A) (i) $25,000,000 in the aggregate for all such Acquisitions during any fiscal year and (B) $75,000,000 in the aggregate for all such Acquisitions during the term of this Agreement; and

(j) Agent has received, prior to the consummation of such Acquisition, evidence demonstrating that immediately after giving effect to the consummation of such Acquisition, Liquidity is equal to or greater than $50,000,000.

Notwithstanding the foregoing, no Accounts or Inventory acquired by a Credit Party in a Permitted Acquisition shall be included as Eligible Accounts or Eligible Inventory until a field examination (and, if required by Agent, an Inventory appraisal) with respect thereto has been completed to the reasonable satisfaction of Agent, including the establishment of reserves required in Agent's reasonable discretion; provided that field examinations and appraisals in connection with Permitted Acquisitions shall not count against the limited number of field examinations or appraisals for which expense reimbursement may be sought.

"**Permitted Asset Dispositions**" means the following Asset Dispositions: (a) dispositions of Inventory in the Ordinary Course of Business and not pursuant to any bulk sale; (b) disposition of cash and Cash Equivalents in the Ordinary Course of Business; (c) dispositions of assets in the Ordinary Course of Business that the applicable Borrower determines in good faith is no longer used or useful in the business of such Borrower; (d) to the extent constituting an Asset Disposition, Permitted Investments, Permitted Liens and any mergers, consolidations, dispositions, dissolutions and liquidations expressly permitted pursuant to Section 5.6; (e) disposals of obsolete, worn out or surplus tangible personal property; (f) the lapse, abandonment or disposition of Intellectual Property that, in Borrower's reasonable business discretion, (i) is not material to Borrowers' business and (ii) the cost of maintaining such Intellectual Property would outweigh the benefit to Borrowers of so maintaining it; (g) sales, transfers and disposition of Accounts in connection with the compromise, settlement or collection thereof in the Ordinary Course of Business, to the extent not in violation of the terms of this Agreement; (h) dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between any joint venture parties set forth in joint venture arrangements and similar binding arrangements; (i) leasing or subleasing of assets in the Ordinary Course of Business, to the extent such assets are not part of the Borrowing Base; (j) voluntary cancellations, terminations or surrender by any Borrower of any immaterial lease or license, (ii) the expiration of any option agreement in respect of real or personal property and (iii) the settlement of any litigation claims (to the extent such claims constitutes an asset), in each case, in the Ordinary Course of Business; (k) Asset Dispositions by any Borrower to any other Borrower; (l) sales, transfers and other dispositions of assets that are not permitted by any other subpart of this definition of "Permitted Asset Dispositions", to the extent such assets are not part of the Borrowing Base; *provided* that the aggregate fair market value of all assets sold, transferred or otherwise disposed of in reliance upon this clause (l) shall not exceed $5,000,000 during any fiscal year; and (m) dispositions approved by Agent.

"**Permitted Contest**" means, with respect to any tax obligation or other obligation allegedly or potentially owing from any Borrower or its Subsidiary to any governmental tax authority or other third party, a contest maintained in good faith by appropriate proceedings promptly instituted and diligently conducted and with respect to which such reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made on the books and records and financial statements of the applicable Credit Party(ies); *provided*, *however*, that (a) compliance with the obligation that is the subject of such contest is effectively stayed during such challenge; (b) Borrowers' and its Subsidiaries' title to, and its

right to use, the Collateral is not adversely affected thereby and Agent's Lien and priority on the Collateral are not adversely affected, altered or impaired thereby; (c) any material portion of the Collateral (including, for the avoidance of doubt, any Collateral included in the Borrowing Base) shall not be in any danger of being sold, forfeited or lost by reason of such contest by Borrowers or its Subsidiaries; (d) if such contest relates to a material obligation, Borrowers have given Agent notice of the commencement of such contest and upon request by Agent, from time to time, notice of the status of such contest by Borrowers and/or confirmation of the continuing satisfaction of this definition; and (e) upon a final determination of such contest, Borrowers and its Subsidiaries shall promptly comply with the requirements thereof.

"**Permitted Contingent Obligations**" means: (a) Contingent Obligations arising in respect of the Debt under the Financing Documents; (b) Contingent Obligations resulting from endorsements for collection or deposit in the Ordinary Course of Business; (c) Contingent Obligations outstanding on the date of this Agreement and set forth on Schedule 5.1 (but not including any refinancings, extensions, increases or amendments to the Debt underlying such Contingent Obligations other than Permitted Refinancing Debt); (d) Contingent Obligations incurred in the Ordinary Course of Business with respect to surety and appeal bonds, performance bonds and other similar obligations; (e) Contingent Obligations arising under indemnity agreements with title insurers to cause such title insurers to issue to Agent mortgagee title insurance policies; (f) Contingent Obligations arising with respect to customary indemnification obligations in favor of purchasers in connection with dispositions of personal property assets permitted under Section 5.6; (g) so long as there exists no Event of Default both immediately before and immediately after giving effect to any such transaction, Contingent Obligations existing under any swap contract; *provided*, *however*, that such obligations are (or were) entered into by a Borrower in the Ordinary Course of Business for the purpose of directly mitigating

risks associated with liabilities, commitments, investments, assets, or property held or reasonably anticipated by such Person and not for purposes of speculation; (h) Contingent Obligations incurred with respect to Permitted Debt provided that (x) any such Contingent Obligation is subordinated to the Obligations to the same extent as the Debt to which it relates is subordinated to the Obligations and (y) no Borrower may incur Contingent Obligations under this clause (i) in respect of Debt incurred by any Person that is not a Borrower or Guarantor, other than to extent consisting of a Permitted Investment; (i) Contingent Obligations in respect of any customary indemnification obligations, purchase price adjustments, non-compete obligations (other than contingent earn-out obligations) of any Credit Party incurred in connection with the consummation of any Permitted Acquisition or other Permitted Investment; (j) Contingent Obligations in respect of obligations to suppliers, customers, franchisees and licensees incurred in the Ordinary Course of Business; and (k) other Contingent Obligations not permitted by clauses (a) through (j) above, not to exceed $5,000,000 in the aggregate at any time outstanding.

"**Permitted Debt**" means: (a) Borrowers' Debt to Agent and each Lender under this Agreement and the other Financing Documents; (b) Debt incurred as a result of endorsing negotiable instruments received in the Ordinary Course of Business; (c) purchase money Debt not to exceed $10,000,000 at any time (whether in the form of a loan or a capitalized lease) used solely to acquire equipment used in the Ordinary Course of Business and secured only by such equipment; (d) Debt existing on the date of this Agreement and described on Schedule 5.1 (but not including any refinancings, extensions, increases or amendments to such Debt other than Permitted Refinancing Debt); (e) Debt in the form of insurance premiums financed through the

applicable insurance company; (f) Debt owed to any Person providing worker's compensation, health, disability or other employee benefits (other than ERISA) pursuant to reimbursement or indemnification obligations to such Person, in each case in the Ordinary Course of Business; (g) Subordinated Debt; (h) Debt in respect of the 2018 Convertible Notes and any Permitted Refinancing Debt in respect thereof and additional convertible notes issued on the same terms as Permitted Refinancing Debt, in an aggregate principal amount of Debt permitted by this clause (h) not to exceed $130,000,000 at any time; *provided* that, notwithstanding the foregoing, until the stated maturity date of the 2018 Convertible Notes in place on the Closing Date, the aggregate principal amount of Debt permitted by this clause (h) shall not exceed $150,000,000 (all Debt incurred pursuant to this clause (h), "**Convertible Notes Debt**"); (i) Debt of Borrowers related to commercial credit cards; so long as such Debt is incurred in the Ordinary Course of Business; (j) Debt in respect of treasury services agreements, netting services, overdraft protections, automated clearing-house arrangements, employee credit card programs and similar arrangements, in each case so long as such Debt is incurred in the Ordinary Course of Business and is unsecured; (k) to the extent constituting Debt, any Permitted Contingent Obligations; (l) unsecured earn-out obligations and other similar contingent purchase price obligations incurred in connection with a Permitted Acquisition to the extent earned and payable and permitted pursuant to the definition of "Permitted Acquisition" and the other terms of this Agreement; (m) to the extent constituting Debt, take-or-pay obligations contained in supply arrangements incurred in the Ordinary Course of Business; (n) Debt that represents extensions, renewals, refinancings or replacements of any Debt described in clauses (c), (d), (h) (o) and (s) of this definition so long as such Debt constitutes Permitted Refinancing Debt; (o) Debt of any Person that becomes a Borrower after the date hereof in connection with a Permitted Acquisition; provided that (i) such Debt exists at the time such Person becomes a Subsidiary and is not created in contemplation of or in connection with such Person becoming a Subsidiary and (ii) the aggregate principal amount of Debt permitted by this clause (o), together with any Permitted Refinancing Debt in respect thereof, shall not exceed $2,000,000 at any time outstanding; (p) to the extent constituting Debt, the transactions permitted pursuant to Section 5.8; (q) to the extent constituting Debt, deferred purchase price, seller notes and other liabilities incurred or assumed in connection with any Permitted Acquisition to the extent the same constitutes Acquisition Consideration and is permitted to be incurred pursuant to clause (i) of the definition of "Permitted Acquisition"; and (r) other Debt not to exceed $5,000,000 outstanding at any one time.

"**Permitted Distributions**" means the following Distributions: (a) Distributions by any Borrower to another Borrower; (b) dividends payable solely in equity interests that are not Disqualified Interests (including stock splits); (c) without duplication of any Distribution described in clause (d) below, repurchases or redemptions of stock or options of former employees, directors or consultants upon the death, termination, disability, resignation or other voluntary or involuntary cessation of such person's employment, or otherwise in accordance with any stock option or stock appreciation rights plan or any stock ownership or subscription plan or equity incentive or other similar plan or termination agreement, *provided*, that such repurchase does not exceed $1,000,000 in the aggregate per fiscal year; (d) so long as no Event of Default has occurred and is continuing prior to making such Distribution or would arise after giving effect thereto, Distributions by Accuray in accordance with stock option plans or other benefit plans for management or employees of Accuray or its Subsidiaries in an aggregate amount not to exceed $1,000,000 in the aggregate per fiscal year; (e) the cashless repurchase of

equity interests deemed to occur upon the exercise of any option or warrant of Accuray; (f) cash payments in lieu of issuing fractional or "odd lot" equity interests in lieu of issuing fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for equity interests in Accuray (including any Convertible Notes Debt) in an aggregate amount not to exceed $1,000,000 during the term of this Agreement; (g) to the extent constituting Distributions, any payments made in respect of the Convertible Notes Debt made solely with the proceeds of any Permitted Refinancing Debt in respect thereof or any offering of equity interests that are not Disqualified Equity Interests; (h) Distributions of the type set forth in clause (b) of the definition thereof by Accuray of its common stock made contemporaneously with, or within ten (10) Business Days before, the pricing and closing of any Convertible Notes Debt after the Closing Date; provided that (i) no Default or Event of Default has occurred and is continuing prior to making any such Distribution or would arise after giving effect thereto, (ii) the aggregate amount of all such Distributions in reliance on this clause (h) does not exceed $15,000,000 during the term of this Agreement, and (iii) the Borrowers have paid to Agent the fee set forth in the Fee Letter; and (i) other Distributions; provided that (i) no Default or Event of Default has occurred and is continuing prior to making such Distribution or would arise after giving effect thereto, (ii) the aggregate amount of all such Distributions in reliance on this clause (i) in any fiscal year does not exceed $2,000,000, and (iii) after giving effect to such Distribution, (A) the Credit Parties have Liquidity in an amount not less than $50,000,000, and (B) on a pro forma basis after giving effect to the making of such Distribution, as at the end of the most recently ended fiscal quarter for which financial statements have been provided (or were required to have been provided) to Lenders, the Total Leverage Ratio for the Credit Parties for a trailing twelve-month period ending on the last day of such fiscal quarter is equal to or less than 4.00 to 1.00, which covenant shall be calculated as if such Distribution was made on the first day of such period.

"**Permitted Intercompany Investments**" means Investments (including guarantees of Debt) made by (a) a Borrower to or in another Borrower and (b) a Borrower to or in a Subsidiary that is not a Borrower so long as, in the case of this clause (b), (i) the aggregate amount of all such Investments by Borrowers in reliance on this clause (b) does not exceed $7,500,000 at any time outstanding and (ii) Borrowers have Liquidity of not less than $50,000,000 after giving effect to any such Investment.

"**Permitted Investments**" means: (a) Investments (i) shown on Schedule 5.7 and existing on the Closing Date, (ii) consisting of capital contributions made to Subsidiaries prior to the Closing Date and (iii) any modification, replacement, renewal or extension of any Investments made by a

Borrower in an Excluded Subsidiary so long as any such modification, replacement, renewal or extension thereof does not increase the amount of such Investment except as otherwise permitted by Section 5.7; (b) cash and Cash Equivalents; (c) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the Ordinary Course of Business; (d) advances made in connection with purchases of goods or services in the ordinary course of business; (e) Investments constituting installment sales of equipment in the ordinary course of business; (f) Investments received in settlement of bona fide disputes with respect to amounts due to any Credit Party or any of its Subsidiaries from trade creditors or customers effected in the ordinary course of business and consistent with past practice, or owing to any Credit Party or any of its Subsidiaries as a result of a proceeding relating to bankruptcy, insolvency, reorganization or relief of debtors involving an

Account Debtor or upon the foreclosure or enforcement of any Lien in favor of a Credit Party or its Subsidiaries; (g) Investments consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the Ordinary Course of Business, and (ii) loans to employees, officers or directors relating to the purchase of equity securities of Borrowers pursuant to employee stock purchase plans or agreements approved by Borrowers' Board of Directors (or other governing body), but the aggregate principal amount of all such loans outstanding may not exceed $1,000,000 at any time; (h) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the Ordinary Course of Business, *provided*, *however*, that this subpart (h) shall not apply to Investments of Borrowers in any Subsidiary; (i) Investments consisting of deposit accounts in which Agent has received a Deposit Account Control Agreement; (j) Permitted Intercompany Investments; (k) from and after the date on which the 2018 Convertible Notes have been refinanced or replaced with Permitted Refinancing Debt, Permitted Acquisitions; (l) Investments in Excluded Subsidiaries in an aggregate amount not to exceed $1,000,000 during the term of this Agreement; (m) Investments the consideration for which is equity interests (other than Disqualified Equity Interests) of Accuray; (n) Capital Expenditures; (o) Investments of any Person existing at the time such Person becomes a Subsidiary of Accuray and a Borrower (including in connection with a Permitted Acquisition) so long as such Investments were not made in contemplation of such Person becoming a Subsidiary; (p) cashless Investments relating to reorganizations of, and mergers and consolidations among, Foreign Subsidiaries so long as any resulting Foreign Subsidiary is wholly owned by a Borrower; and (q) any other Investments in an aggregate amount not to exceed $5,000,000 at any time outstanding; *provided* that immediately before and after giving effect to the making of such Investment, (i) no Default or Event of Default shall have occurred and be continuing, (ii) on a pro forma basis after the consummation of such Investment, as at the end of the most recently ended fiscal quarter for which financial statements have been provided (or were required to have been provided) to Lenders, the Total Leverage Ratio for the Credit Parties for a trailing twelve-month period ending on the last day of such fiscal quarter is equal to or less than 4.00 to 1.00, which covenant shall be calculated as if such Investment was made on the first day of such period, (iii) the Credit Parties shall have Liquidity in an amount not less than $50,000,000 after giving effect to such Investment, and (iv) the chief financial officer of the Borrower Representative shall have delivered a certificate to Agent certifying as to the matters contained in clauses (i) through (iii) above, accompanied by reasonable evidence thereof.

"**Permitted Liens**" means: (a) deposits or pledges of cash to secure obligations under workmen's compensation, social security or similar laws, or under unemployment insurance (but excluding Liens arising under ERISA or, with respect to any Pension Plan or Multiemployer Plan, the Code) pertaining to a Borrower's employees, if any; (b) deposits or pledges of cash to secure bids, tenders, contracts (other than contracts for the payment of money or the deferred purchase price of property or services), leases, statutory obligations, surety and appeal bonds and other obligations of like nature arising in the Ordinary Course of Business; (c) carrier's, warehousemen's, mechanic's, workmen's, materialmen's or other like Liens on Collateral, other than any Collateral that is part of the Borrowing Base unless such Liens have been subordinated to the prior Lien in favor of Agent arising under the Financing Documents pursuant to a Subordination Agreement, arising in the Ordinary Course of Business with respect to obligations which are not overdue for a period of more than sixty (60) days, or which are being contested pursuant to a Permitted Contest; (d) Liens on Collateral, other than Accounts, for taxes or other

governmental charges not at the time delinquent or thereafter payable without penalty or the subject of a Permitted Contest; (e) attachments, appeal bonds, judgments and other similar Liens on Collateral other than Accounts, so long as such Liens do not constitute an Event of Default hereunder; *provided*, *however*, that the execution or other enforcement of such Liens is effectively stayed and the claims secured thereby are the subject of a Permitted Contest; (f) with respect to real estate, easements, rights of way, restrictions, minor defects or irregularities of title and other similar restrictions, including environmental and land use restrictions, none of which, individually or in the aggregate, materially interfere with the benefits of the security intended to be provided by the Security Documents, materially affect the value or marketability of the Collateral, materially impair the use or operation of the Collateral for the use currently being made thereof or materially impair Borrowers' ability to pay the Obligations in a timely manner or materially impair the use of the Collateral or the ordinary conduct of the business of any Borrower or any Subsidiary and which, in the case of any real estate which is part of the Collateral, are set forth as exceptions to or subordinate matters in the title insurance policy accepted by Agent insuring the lien of the Security Documents; (g) non-exclusive licenses of Intellectual Property rights granted in the Ordinary Course of Business; (h) rights of set-off or bankers' liens upon deposits of cash in favor of banks or other depository institutions, solely to the extent incurred in connection with the maintenance of such deposit accounts in the ordinary course of business; (i) Liens granted in the ordinary course of business on the unearned portion of insurance premiums securing the financing of insurance premiums to the extent the financing is permitted under the definition of Permitted Debt; (j) Liens and deposits in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods; (k) Liens and encumbrances in favor of Agent under the Financing Documents; (l) Liens on Collateral, other than Collateral which is part of the Borrowing Base, existing on the date hereof and set forth on Schedule 5.2; (m) Liens (i) arising from operating leases with respect to assets not owned by any Borrower and the precautionary UCC filings in respect thereof and (ii) on equipment or other materials which are not owned by any Borrower and located on the premises of any Borrower (but not in connection with, or as part of, the financing thereof) from time to time in the Ordinary Course of Business and consistent with customary practices of Borrowers and the precautionary UCC filings in respect thereof; (n) any Lien on any equipment securing Debt permitted under subpart (c) of the definition of Permitted Debt, *provided*, *however*, that such Lien attaches concurrently with or within sixty (60) days after the acquisition thereof; (o) Liens of landlords and mortgagees of landlords arising by statute; (p) the interest of lessors or sublessor under operating leases and licensors or sub-licensors under license agreements to the extent such license, lease, sublease or sublicense is otherwise permitted under this Agreement; and (q) other Liens or encumbrances which do not secure Debt for borrowed money or letters of credit and as to which the aggregate amount of the obligations secured thereby does not exceed $2,000,000.

"**Permitted Modifications**" means (a) such amendments or other modifications to a Borrower's Organizational Documents as are required under this Agreement or by applicable Law and fully disclosed to Agent within thirty (30) days after such amendments or modifications have become effective, and (b) such amendments or modifications to a Borrower's Organizational Documents (other than those involving a change in the name of a Borrower or involving a reorganization of a Borrower under the laws of a different jurisdiction) that would not adversely affect the rights and interests of Agent or Lenders and are fully disclosed to Agent within thirty (30) days after such amendments or modifications have become effective.

"**Permitted Refinancing Debt**" means the extension of maturity, refinancing, renewal, replacement, exchange or modification of the terms of Debt so long as:

(a) after giving effect to such extension, refinancing, replacement, exchange or modification, the principal amount of such Debt is not greater than the amount of Debt outstanding immediately prior to such extension, refinancing, renewal, replacement, exchange or modification (other than by the amount of premiums or penalties paid thereon and the fees and expenses incurred in connection therewith and by the amount of unfunded commitments with respect thereto); provided, however, that in order to permit an exchange of the Convertible Notes Debt into newly issued convertible notes, the principal amount of the newly issued convertible notes may be greater than the principal amount of the Convertible Notes Debt that are exchanged, to the extent required by arms-length, commercial negotiations in connection with such exchange;

(b) such extension, refinancing, renewal, replacement, exchange or modification does not result in a shortening of the average weighted maturity (measured as of the extension, refinancing or modification) of the Debt so extended, refinanced, renewed, replaced or modified (and in the case of any permitted refinancing of the Convertible Notes Debt, the scheduled maturity date of the Debt (after giving effect to such extension, refinancing, renewal, replacement or modification) shall be at least 91 days following the Commitment Expiry Date (determined in accordance with clause (a) of the definition thereof));

(c) such extension, refinancing, renewal, replacement, exchange or modification is pursuant to terms that are, taken as a whole, (A) on prevailing market terms at the time of borrowing for the time of financing and the quality of the applicable borrower; *provided that*, in no event shall additional security or collateral (or any security or collateral if the Debt subject to a permitted refinancing is unsecured) be granted on the basis that it was required by prevailing market terms or (B) other than interest rate (so long as the interest rate thereto shall not increase by more than 2.50% per annum) and conversion premium terms with respect to the refinancing, replacement or exchange of Convertible Notes Debt, not less favorable to the Credit Parties and Lenders than the terms of the Debt (including, without limitation, terms relating to the collateral (if any) and subordination (if any)) being extended, refinanced, renewed, replaced, exchanged or modified (and in the case of any Permitted Refinancing of the Convertible Notes Debt, no security or collateral shall be granted and no principal amortization shall be provided for (it being understood that conversion terms consistent with those applicable to the 2018 Convertible Notes shall not constitute principal amortization); and

(d) the Debt that is extended, refinanced, renewed, replaced or modified is not recourse to any Credit Party or any of its Subsidiaries that is liable on account of the obligations, in each case other than those Persons which were obligated with respect to the Debt that was extended, refinanced, renewed, replaced or modified.

"**Person**" means any natural person, corporation, limited liability company, professional association, limited partnership, general partnership, joint stock company, joint venture, association, company, trust, bank, trust company, land trust, business trust or other organization, whether or not a legal entity, and any Governmental Authority.

"**Product**" means any current or future service or product researched, designed, developed, manufactured, licensed, marketed, sold, performed, distributed or otherwise commercialized by Accuray or any of its Subsidiaries, and any such product in development or which may be developed; provided, that for purposes of Article III, "Product" shall not include products designed, developed and manufactured by third parties that are not Affiliates of Accuray or any of its Subsidiaries.

"**Product Authorizations**" means any and all approvals (including pricing and reimbursement approvals), licenses, notifications, registrations or authorizations of any Governmental Authority necessary for the manufacture, development, distribution, use, storage, import, export, transport, promotion, marketing, sale or other commercialization of a Product in any country or jurisdiction, including without limitation registration and listing, IDEs, Device Approval Applications (including any supplements and amendments thereto) or similar applications, post-approval marketing authorizations (including any prerequisite manufacturing approval or authorization related thereto), labeling approvals, and technical, medical, and scientific licenses.

"**Pro Rata Share**" means (a) with respect to a Lender's obligation to make Revolving Loans, such Lender's right to receive the unused line fee described in Section 2.2(b), such Lender's obligation to purchase interests and participations in Letters of Credit and related Support Agreement liabilities and obligations, and such Lender's obligation to share in Letter of Credit Liabilities and to receive the related Letter of Credit fee described in Section 2.5(b), the Revolving Loan Commitment Percentage of such Lender, (b) with respect to a Lender's right to receive payments of principal and interest with respect to Revolving Loans, such Lender's Revolving Loan Exposure with respect thereto, and (c) for all other purposes (including, without limitation, the indemnification obligations arising under Section 11.6) with respect to any Lender, the percentage obtained by *dividing* (i) the Revolving Loan Commitment Amount of such Lender (or, in the event the Revolving Loan Commitment shall have been terminated, such Lender's then existing Revolving Loan Outstandings), *by* (ii) the Revolving Loan Commitment (or, in the event the Revolving Loan Commitment shall have been terminated, the then existing Revolving Loan Outstandings) of all Lenders.

"**Qualified Cash**" means, as of any date of determination, the aggregate amount of unrestricted cash and Cash Equivalents on-hand of the Credit Parties maintained in Deposit Accounts or Securities Accounts in the name of a Credit Party in the United States as of such date, which, in each case, are not Lockbox Accounts and are subject to Deposit Account Control Agreements or a Securities Account Control Agreement.

"**Raw Materials Inventory**" means all Inventory of the Borrower consisting of raw materials.

"**Reimbursement Obligations**" means, at any date, the obligations of each Borrower then outstanding to reimburse (a) Agent for payments made by Agent under a Support Agreement, and/or (b) any LC Issuer, for payments made by such LC Issuer under a Lender Letter of Credit.

"**Rent and Charges Reserve**" means the aggregate of (a) a reserve equal to all past due rent and other amounts owing by a Borrower to any landlord, warehouseman, processor, repairman, mechanic, shipper, freight forwarder, broker or other Person who possesses any Collateral included in the Borrowing Base or could assert a Lien on any Collateral included in the Borrowing Base; and (b) a reserve equal to three months' rent and other charges that could be payable to any such Person, unless it has executed a landlord agreement, warehousemen's agreement, bailee agreement or similar agreement, as applicable.

"**Required Lenders**" means at any time Lenders holding (a) more than fifty percent (50%) of the Revolving Loan Commitment, or (b) if the Revolving Loan Commitment has been terminated, more than fifty percent (50%) of the sum of (x) the then aggregate outstanding principal balance of the Loans *plus* (y) the then aggregate amount of Letter of Credit Liabilities.

"**Responsible Officer**" means any of the Chief Executive Officer, Chief Financial Officer, General Counsel or any other officer of the applicable Borrower acceptable to Agent.

"**Returns**" means, with respect to any Investment, any dividends, distributions, interest, fees, premium, return of capital, repayment of principal, income, profits (from an Asset Sale or otherwise) and other amounts received or realized in respect of such Investment, in each case on an after-tax basis.

"**Revolving Lender**" means each Lender having a Revolving Loan Commitment Amount in excess of $0 (or, in the event the Revolving Loan Commitment shall have been terminated at any time, each Lender at such time having Revolving Loan Outstandings in excess of $0).

"**Revolving Loan Availability**" means, at any time, the Revolving Loan Limit *minus* the Revolving Loan Outstandings.

"**Revolving Loan Commitment**" means, as of any date of determination, the aggregate Revolving Loan Commitment Amounts of all Lenders as of such date.

"**Revolving Loan Commitment Amount**" means, as to any Lender, the dollar amount set forth opposite such Lender's name on the Commitment Annex under the column "Revolving Loan Commitment Amount" (if such Lender's name is not so set forth thereon, then the dollar amount on the Commitment Annex for the Revolving Loan Commitment Amount for such Lender shall be deemed to be $0), as such amount may be adjusted from time to time by (a) any amounts assigned (with respect to such Lender's portion of Revolving Loans outstanding and its commitment to make Revolving Loans) pursuant to the terms of any and all effective assignment agreements to which such Lender is a party, and (b) any Additional Tranche(s) activated by Borrowers. For the avoidance of doubt, the aggregate Revolving Loan Commitment Amount of all Lenders on the Closing Date shall be $52,000,000 and if the Additional Tranche is fully activated pursuant to the terms of the Agreement such amount shall increase to $85,000,000.

"**Revolving Loan Commitment Percentage**" means, as to any Lender, (a) on the Closing Date, the percentage set forth opposite such Lender's name on the Commitment Annex under the column "Revolving Loan Commitment Percentage" (if such Lender's name is not so set forth thereon, then, on the Closing Date, such percentage for such Lender shall be deemed to be zero (0), and (b) on any date following the Closing Date, the percentage equal to

the Revolving Loan Commitment Amount of such Lender on such date *divided by* the Revolving Loan Commitment on such date.

"**Revolving Loan Exposure**" means, with respect to any Lender on any date of determination, the percentage equal to the amount of such Lender's Revolving Loan Outstandings on such date *divided by* the aggregate Revolving Loan Outstandings of all Lenders on such date.

"**Revolving Loan Limit**" means, at any time, the lesser of (a) the Revolving Loan Commitment and (b) the Borrowing Base.

"**Revolving Loan Outstandings**" means, at any time of calculation, (a) the sum of the then existing aggregate outstanding principal amount of Revolving Loans *plus* the then existing Letter of Credit Liabilities, and (b) when used with reference to any single Lender, the sum of the then existing outstanding principal amount of Revolving Loans advanced by such Lender *plus* the then existing Letter of Credit Liabilities for the account of such Lender.

"**Revolving Loans**" has the meaning set forth in Section 2.1(b).

"**SEC**" means the United States Securities and Exchange Commission.

"**Securities Account**" means a "securities account" (as defined in Article 9 of the UCC), an investment account, or other account in which investment property or securities are held or invested for credit to or for the benefit of any Borrower.

"**Securities Account Control Agreement**" means an agreement, in form and substance satisfactory to Agent, among Agent, any applicable Borrower and each securities intermediary in which such Borrower maintains a Securities Account pursuant to which Agent shall obtain "control" (as defined in Article 9 of the UCC) over such Securities Account.

"**Security Document**" means this Agreement and any other agreement, document or instrument executed concurrently herewith or at any time hereafter pursuant to which one or more Credit Parties or any other Person either (a) Guarantees payment or performance of all or any portion of the Obligations, and/or (b) provides, as security for all or any portion of the Obligations, a Lien on any of its assets in favor of Agent for its own benefit and the benefit of Lenders, as any or all of the same may be amended, supplemented, restated or otherwise modified from time to time.

"**Settlement Service**" has the meaning set forth in Section 11.17(a)(v).

"**Solvent**" means, with respect to any Person, that such Person (a) owns assets the fair saleable value of which are (i) greater than the total amount of its liabilities (including Contingent Obligations), and (ii) greater than the amount that will be required to pay the probable liabilities of its then existing debts as they become absolute and matured considering all financing alternatives and potential asset sales reasonably available to it; (b) has capital that is not unreasonably small in relation to its business as presently conducted or after giving effect to any contemplated transaction; and (c) does not intend to incur and does not believe that it will incur debts beyond its ability to pay such debts as they become due.

"**Stated Commitment Expiry Date**" has the meaning set forth in the definition of "Commitment Expiry Date".

"**Subordinated Debt**" means any Debt of Borrowers incurred pursuant to the terms of the Subordinated Debt Documents, and with prompt notice to Agent, all of which documents must be in form and substance acceptable to Agent in its sole discretion. As of the Closing Date, there is no Subordinated Debt. The parties hereto agree, for the avoidance of doubt, that the Convertible Notes Debt does not constitute Subordinated Debt.

"**Subordinated Debt Documents**" means any documents evidencing and/or securing Debt governed by a Subordination Agreement, all of which documents must be in form and substance acceptable to Agent in its sole discretion. As of the Closing Date, there are no Subordinated Debt Documents.

"**Subordination Agreement**" means any agreement between Agent and another creditor of Borrowers, as the same may be amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof, pursuant to which the Debt owing from any Borrower(s) and/or the Liens securing such Debt granted by any Borrower(s) to such creditor are subordinated in any way to the Obligations and the Liens created under the Security Documents, the terms and provisions of such Subordination Agreements to have been agreed to by and be acceptable to Agent in the exercise of its sole discretion.

"**Subsidiary**" means, with respect to any Person, (a) any corporation of which an aggregate of more than fifty percent (50%) of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, capital stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, owned legally or beneficially by such Person or one or more Subsidiaries of such Person, or with respect to which any such Person has the right to vote or designate the vote of more than fifty percent (50%) of such capital stock whether by proxy, agreement, operation of law or otherwise, and (b) any partnership or limited liability company in which such Person and/or one or more Subsidiaries of such Person shall have an interest (whether in the form of voting or participation in profits or capital contribution) of more than fifty percent (50%) or of which any such Person is a general partner or may exercise the powers of a general partner. Unless the context otherwise requires, each reference to a Subsidiary shall be a reference to a Subsidiary of a Borrower.

"**Sunnyvale Premises**" means the location leased by Accuray and located at 1306-1310 Orleans Drive, Sunnyvale, CA 94089.

"**Support Agreement**" has the meaning set forth in Section 2.5(a).

"**Supported Letter of Credit**" means a Letter of Credit issued by an LC Issuer in reliance on one or more Support Agreements.

"**Taxes**" has the meaning set forth in Section 2.8(a).

"**Termination Date**" means the earlier to occur of (a) the Commitment Expiry Date, (b) any date on which Agent accelerates the maturity of the Loans pursuant to Section 10.2, or (c) the termination date stated in any notice of termination of this Agreement provided by Borrowers in accordance with Section 2.12.

"**Total Debt**" means, at any time, all Debt described in clauses (a), (b), (c), (d), and (e) (but in the case of clause (e), only to the extent such letter of credit has been drawn and not reimbursed within 3 Business Days) in the definition thereof of such Person and its Subsidiaries at such time.

"**Total Leverage Ratio**" means, the ratio of (a) the Total Debt as of the end of such period (including, for the avoidance of doubt, the Convertible Notes Debt), to (b) EBITDA for such period.

"**UCC**" means the Uniform Commercial Code of the State of New York or of any other state the laws of which are required to be applied in connection with the perfection of security interests in any Collateral.

"**Unfinanced Capital Expenditures**" means, for any period, the Capital Expenditures for such period; *provided* Unfinanced Capital Expenditures shall not include any Capital Expenditure (i) for replacements, restorations or substitutions for assets to the extent made with the net cash proceeds of a Permitted Asset Disposition, (ii) for any asset acquired in exchange for an existing asset (but only to the extent of the value of such existing asset), (iii) that constitutes a Permitted Acquisition, (iv) made during such period to the extent made with the identifiable proceeds of an issuance of equity by Borrower Representative, (v) that, pursuant to a written agreement, are reimbursed (or reimbursable and reasonably expected to be received in cash within 120 days of the last day of such period) by a third Person (excluding Borrower Representative or any of its Subsidiaries) or (vi) that is paid with the proceeds of Permitted Debt.

"**United States**" means the United States of America.

"**U.S. Person**" means any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Code.

"**Wholly-Owned Subsidiary**" means, as to any Person, another Person, all of the equity interests of which (except directors' qualifying shares) are, at the time, directly or indirectly owned by such Person and/or another Wholly-Owned Subsidiary of such Person.

"**Work-In-Process**" means Inventory that is not a product that is finished and approved by a Borrower in accordance with applicable Laws and such Borrower's normal business practices for release and delivery to customers.

Section 1.2 Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder (including, without limitation, determinations made pursuant to the exhibits hereto) shall be made, and all financial statements required to be delivered hereunder shall be prepared on a consolidated basis in accordance with GAAP applied on a basis consistent with the most recent audited consolidated financial statements of each Borrower and its Consolidated

Subsidiaries delivered to Agent and each of Lenders on or prior to the Closing Date. If at any time any change in GAAP would affect the computation of any financial ratio or financial requirement set forth in any Financing Document, and either Borrowers or the Required Lenders shall so request, Agent, Lenders and Borrowers shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of Borrower Representative and the Required Lenders); *provided*, *however*, that until so amended, (a) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (b) Borrowers shall provide to Agent and Lenders financial statements and other documents required under this Agreement which shall include a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. Notwithstanding any other provision contained herein, (i) all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any election under Statement of Financial Accounting Standards 159 (or any other Financial Accounting Standard having a similar result or effect) to value any Debt or other liabilities of any Credit Party or any Subsidiary of any Credit Party at "fair value", as defined therein and (ii) to the extent that any change in GAAP after the Closing Date results in leases which are, or would have been, classified as operating leases under GAAP as it exists on the Closing Date being classified as a Capital Lease under as revised GAAP (whether such lease is entered into before or after the date hereof), such change in classification of leases from operating leases to Capital Leases shall be ignored for purposes of this Agreement, unless the parties hereto shall enter into a mutually acceptable amendment addressing such changes, as provided for above.

Section 1.3 Other Definitional and Interpretive Provisions. References in this Agreement to "Articles", "Sections", "Annexes", "Exhibits", or "Schedules" shall be to Articles, Sections, Annexes, Exhibits or Schedules of or to this Agreement unless otherwise specifically provided. Any term defined herein may be used in the singular or plural. "Include", "includes" and "including" shall be deemed to be followed by "without limitation". Except as otherwise specified or limited herein, references to any Person include the successors and assigns of such Person. References "from" or "through" any date mean, unless otherwise specified, "from and including" or "through and including", respectively. Unless otherwise specified herein, the settlement of all payments and fundings hereunder between or among the parties hereto shall be made in lawful money of the United States and in immediately available funds. References to any statute or act shall include all related current regulations and all amendments and any successor statutes, acts and regulations. All amounts used for purposes of financial calculations required to be made herein shall be without duplication. References to any statute or act, without additional reference, shall be deemed to refer to federal statutes and acts of the United States. References to any agreement, instrument or document shall include all schedules, exhibits, annexes and other attachments thereto. As used in this Agreement, the meaning of the term "material" or the phrase "in all material respects" is intended to refer to an act, omission, violation or condition which reflects or could reasonably be expected to result in a Material Adverse Effect. References to capitalized terms that are not defined herein, but are defined in the UCC, shall have the meanings given them in the UCC. All references herein to times of day shall be references to daylight or standard time, as applicable.

Section 1.4 Time is of the Essence. Time is of the essence in Borrower's and each other Credit Party's performance under this Agreement and all other Financing Documents

ARTICLE 2 - LOANS AND LETTERS OF CREDIT

Section 2.1 Loans.

(a) Reserved.

(b) Revolving Loans.

(i) Revolving Loans and Borrowings. On the terms and subject to the conditions set forth herein, each Lender severally agrees to make loans to Borrowers from time to time as set forth herein (each a "**Revolving Loan**", and collectively, "**Revolving Loans**") equal to such Lender's Revolving Loan Commitment Percentage of Revolving Loans requested by Borrowers hereunder; *provided*, *however*, that after giving effect thereto, the Revolving Loan Outstandings shall not exceed the Revolving Loan Limit. Borrowers shall deliver to Agent a Notice of Borrowing with respect to each proposed borrowing of a Revolving Loan, such Notice of Borrowing to be delivered before 1:00 p.m. (Eastern time) two (2) Business Days prior to the date of such proposed borrowing; *provided* that for the borrowing of Revolving Loans on the Closing Date, Borrower may deliver the Notice of Borrowing prior to the borrowing on the Closing Date. Each Borrower and each Revolving Lender hereby authorizes Agent to make Revolving Loans on behalf of Revolving Lenders, at any time in its sole discretion, (A) as provided in Section 2.5(c), with respect to obligations arising under Support Agreements and/or Lender Letters of Credit, and (B) to pay principal owing in respect of the Loans and interest, fees, expenses and other charges payable by any Credit Party from time to time arising under this Agreement or any other Financing Document. The Borrowing Base shall be determined by Agent based on the most recent Borrowing Base Certificate delivered to Agent in accordance with this Agreement and such other information as may be available to Agent. Without limiting any other rights and remedies of Agent hereunder or under the other Financing Documents, the Revolving Loans shall be subject to Agent's continuing right to withhold from the Borrowing Base reserves, and to increase and decrease such reserves from time to time, if and to the extent that in Agent's good faith credit judgment and discretion, such reserves are necessary.

(ii) Mandatory Revolving Loan Repayments and Prepayments.

(A) The Revolving Loan Commitment shall terminate on the Termination Date. On such Termination Date, there shall become due, and Borrowers shall pay, the entire outstanding principal amount of each Revolving Loan, together with accrued and unpaid Obligations pertaining thereto incurred to, but excluding the Termination Date; *provided*, *however*, that such payment is made not later than 12:00 Noon (Eastern time) on the Termination Date.

(B) If at any time the Revolving Loan Outstandings exceed the Revolving Loan Limit, then, on the next succeeding Business Day, Borrowers shall repay the Revolving Loans or cash collateralize Letter of Credit Liabilities in the manner specified in Section 2.5(e) or cause the cancellation of outstanding

Letters of Credit, or any combination of the foregoing, in an aggregate amount equal to such excess; provided, that if such excess is the sole and direct result of the establishment of a reserve against the Borrowing Base by Agent, then such excess shall be payable by Borrower within five (5) Business Days from the date in which such excess first arose.

(C) Principal payable on account of Revolving Loans shall be payable by Borrowers to Agent (I) immediately upon the receipt by any Borrower or Agent of any payments on or proceeds from any of the Accounts, to the extent of such payments or proceeds, as further described in Section 2.11 below, and (II) in full on the Termination Date.

(iii) Optional Prepayments. Borrowers may from time to time prepay the Revolving Loans in whole or in part without any corresponding reduction in the Revolving Loan Commitment; *provided*, *however*, that any such partial prepayment shall be in an amount equal to $100,000 or a higher integral multiple of $25,000.

(iv) LIBOR Rate.

(A) Except as provided in subsection (C) below, Revolving Loans shall accrue interest at the LIBOR Rate *plus* the Applicable Margin.

(B) The LIBOR Rate may be adjusted by Agent by notice to Borrower Representative with respect to any Lender on a prospective basis to take into account any additional or increased costs to such Lender of maintaining or obtaining any eurodollar deposits or increased costs, in each case, due to changes in applicable Law occurring subsequent to the commencement of the then applicable Interest Period, including changes in tax laws (except changes of general applicability in corporate income tax laws) and changes in the reserve requirements imposed by the Board of Governors of the Federal Reserve System (or any successor), which additional or increased costs would increase the cost of funding loans bearing interest based upon the LIBOR Rate; *provided*, *however*, that notwithstanding anything in this Agreement to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "change in applicable Law", regardless of the date enacted, adopted or issued. In any such event, the affected Lender shall give Borrowers and Agent notice of such a determination and adjustment and Agent promptly shall transmit the notice to each other Lender and, along with a certificate from such Lender setting forth the basis for adjusting such LIBOR Rate and the method for determining the amount of such adjustment. Upon receipt of such notice, Borrowers may, by notice to such affected Lender, repay the Loans bearing interest based upon the LIBOR Rate with respect to which such adjustment is made.

(C) In the event that any change in market conditions or any law, regulation, treaty, or directive, or any change therein or in the interpretation of application thereof, shall at any time after the date hereof, in the reasonable opinion of any Lender, make it unlawful or impractical for such Lender to fund or maintain Loans bearing interest based upon the LIBOR Rate or to continue such funding or maintaining, or to determine or charge interest rates at the LIBOR Rate, such Lender shall give notice of such changed circumstances to Agent and Borrowers and Agent promptly shall transmit the notice to each other Lender and (I) in the case of any outstanding Loans of such Lender bearing interest based upon the LIBOR Rate, the date specified in such Lender's notice shall be deemed to be the last day of the Interest Period of such Loans, and interest upon such Lender's Loans thereafter shall accrue interest at Base Rate *plus* the Applicable Margin, and (II) such Loans shall continue to accrue interest at Base Rate *plus* the Applicable Margin until such Lender determines that it would no longer be unlawful or impractical to maintain such Loans at the LIBOR Rate.

(D) Anything to the contrary contained herein notwithstanding, neither Agent nor any Lender is required actually to acquire eurodollar deposits to fund or otherwise match fund any Obligation as to which interest accrues based on the LIBOR Rate.

(c) Additional Tranches. After the Closing Date, so long as no Default or Event of Default exists and subject to the terms of this Agreement, with the prior written consent of Agent and all Lenders in their sole discretion, the Revolving Loan Commitment may be increased upon the written request of Borrower Representative (which such request shall state the aggregate amount of the Additional Tranche requested and shall be made at least forty-five (45) days prior to the proposed effective date of such Additional Tranche) to Agent to activate an Additional Tranche; *provided*, *however*, that Agent and Lenders shall have no obligation to consent to any requested activation of an Additional Tranche and the written consent of Agent and all Lenders shall be required in order to activate an Additional Tranche. Upon activating an Additional Tranche, each Lender's Revolving Loan Commitment Amount shall increase by a proportionate amount so as to maintain the same Pro Rata Share of the Revolving Loan Commitment and the Revolving Loans as such Lender held immediately prior to such activation. In the event Agent and all Lenders do not consent to the activation of a requested Additional Tranche within forty-five (45) days after receiving a written request from Borrower Representative, then the Revolving Loan Commitment shall not be increased and, within the next ninety (90) days, Borrowers may terminate this Agreement upon written notice to Agent and, if the Borrowing Base on the date of such request would have supported such increased Revolving Loan Commitment, upon repayment in full of all Obligations, no fee shall be due pursuant to Section 2.2(g) in connection with such termination.

Section 2.2 Interest, Interest Calculations and Certain Fees.

(a) Interest. From and following the Closing Date, except as expressly set forth in this Agreement, Loans and the other Obligations shall bear interest at the sum of the LIBOR Rate *plus* the Applicable Margin. Interest on the Loans shall be paid in arrears on the first (1st) day of each month and on the maturity of such Loans, whether by acceleration or

otherwise. Interest on all other Obligations shall be payable upon demand. For purposes of calculating interest, all funds transferred to the Payment Account for application to any Revolving Loans shall be subject to a five Business Day clearance period and all interest accruing on such funds during such clearance period shall accrue for the benefit of Agent, and not for the benefit of Lenders.

(b) Unused Line Fee. From and following the Closing Date, Borrowers shall pay Agent, for the benefit of all Lenders committed to make Revolving Loans, in accordance with their respective Pro Rata Shares, a fee in an amount equal to (i) (A) the Revolving Loan Commitment *minus* (B) the average daily balance of the sum of the Revolving Loan Outstandings during the preceding month, *multiplied by* (ii) 0.50% per annum. Such fee is to be paid monthly in arrears on the first day of each month.

(c) Fee Letter. In addition to the other fees set forth herein, Borrowers agree to pay Agent the fees set forth in the Fee Letter.

(d) Reserved.

(e) Reserved.

(f) Reserved.

(g) Deferred Revolving Loan Origination Fee. If Lenders' funding obligations in respect of the Revolving Loan Commitment under this Agreement terminate for any reason (whether by voluntary termination by Borrowers, by reason of the occurrence of an Event of Default or otherwise) other than as a result of a refinancing of 100% of the Loans by Agent and all Lenders prior to the Commitment Expiry Date, Borrowers shall pay to Agent on the date of such termination, for the benefit of all Lenders committed to make Revolving Loans on the Closing Date, a fee as compensation for the costs of such Lenders being prepared to make funds available to Borrowers under this Agreement, equal to an amount determined by *multiplying* the Revolving Loan Commitment terminated *by* the following applicable percentage amount: three percent (3%) for the first year following the Closing Date, two percent (2%) for the second year following the Closing Date, and one percent (1%) thereafter. All fees payable pursuant to this paragraph shall be deemed fully earned and non-refundable as of the Closing Date.

(h) Audit Fees. Borrowers shall pay to Agent, for its own account and not for the benefit of any other Lenders, all reasonable fees and expenses in connection with audits and inspections of Borrowers' books and records, audits, valuations or appraisals of the Collateral, audits of Borrowers' compliance with applicable Laws and such other matters as Agent shall deem appropriate, which shall be due and payable on the first Business Day of the month following the date of issuance by Agent of a written request for payment thereof to Borrowers.

(i) Wire Fees. Borrowers shall pay to Agent, for its own account and not for the account of any other Lenders, on written demand, fees for incoming and outgoing wires made for the account of Borrowers, such fees to be based on Agent's then current wire fee schedule (available upon written request of Borrowers).

(j) Late Charges. If payments of principal (other than a final installment of principal upon the Termination Date), interest due on the Obligations, or any other amounts due hereunder or under the other Financing Documents are not timely made and remain overdue for a period of five (5) days, Borrowers, without notice or demand by Agent, promptly shall pay to Agent, for its own account and not for the benefit of any other Lenders, as additional compensation to Agent in administering the Obligations, an amount equal to five percent (5%) of each delinquent payment.

(k) Computation of Interest and Related Fees. All interest and fees under each Financing Document shall be calculated on the basis of a 360-day year for the actual number of days elapsed. The date of funding of a Loan shall be included in the calculation of interest. The date of payment of a Loan shall be excluded from the calculation of interest. If a Loan is repaid on the same day that it is made, one (1) day's interest shall be charged.

Section 2.3 Notes. The portion of the Loans made by each Lender shall be evidenced, if so requested by such Lender, by one or more promissory notes executed by Borrowers on a joint and several basis (each, a "**Note**") in an original principal amount equal to such Lender's Revolving Loan Commitment Amount. Upon activation of an Additional Tranche in accordance with Section 2.1(c) hereof, Borrowers shall deliver to each Lender to whom Borrowers previously delivered a Note, a restated Note evidencing such Lender's Revolving Loan Commitment Amount and each such Lender shall appropriately legend any prior Note to indicate that it has been replaced by such new Note

Section 2.4 Reserved.

Section 2.5 Letters of Credit and Letter of Credit Fees.

(a) Letter of Credit. On the terms and subject to the conditions set forth herein, the Revolving Loan Commitment may be used by Borrowers, in addition to the making of Revolving Loans hereunder, for the issuance, prior to that date which is one (1) year prior to the Termination Date, by (i) Agent, of letters of credit, Guarantees or other agreements or arrangements (each, a "**Support Agreement**") to induce an LC Issuer to issue or increase the amount of, or extend the expiry date of, one or more Letters of Credit and (ii) a Lender, identified by Agent, as an LC Issuer, of one or more Lender Letters of Credit, so long as, in each case:

(i) Agent shall have received a Notice of LC Credit Event at least five (5) Business Days before the relevant date of issuance, increase or extension; and

(ii) after giving effect to such issuance, increase or extension, (A) the aggregate Letter of Credit Liabilities do not exceed $0, and (B) the Revolving Loan Outstandings do not exceed the Revolving Loan Limit.

Nothing in this Agreement shall be construed to obligate any Lender to issue, increase the amount of or extend the expiry date of any Letter of Credit, which act or acts, if any, shall be subject to agreements to be entered into from time to time between Borrowers and such Lender. Each Lender that is an LC Issuer hereby agrees to give Agent prompt written notice of each

issuance of a Lender Letter of Credit by such Lender and each payment made by such Lender in respect of Lender Letters of Credit issued by such Lender.

Notwithstanding anything to the contrary set forth herein, Borrowers agree and acknowledge that no part of the Revolving Loan Commitment will be available for the issuance of a Letter of Credit until such times as Agent notifies Borrower Representative that a Lender party to this Agreement is an LC Issuer.

(b) Letter of Credit Fee. Borrowers shall pay to Agent, for the benefit of the Revolving Lenders in accordance with their respective Pro Rata Shares, a letter of credit fee with respect to the Letter of Credit Liabilities for each Letter of Credit, computed for each day from the date of issuance of such Letter of Credit to the date that is the last day a drawing is available under such Letter of Credit, at a rate per annum equal to the Applicable Margin then applicable to Loans bearing interest based upon the LIBOR Rate. Such fee shall be payable in arrears on the first day of each calendar month prior to the Termination Date and on such date. In addition, Borrowers agree to pay promptly to the LC Issuer any fronting or other fees that it may charge in connection with any Letter of Credit.

(c) Reimbursement Obligations of Borrowers. If either (i) Agent shall make a payment to an LC Issuer pursuant to a Support Agreement, or (ii) any Lender shall notify Agent that it has made payment in respect of, a Lender Letter of Credit, (A) the applicable Borrower shall reimburse Agent or such Lender, as applicable, for the amount of such payment by the end of the day on which Agent or such Lender shall make such payment and (B) Borrowers shall be deemed to have immediately requested that Revolving Lenders make a Revolving Loan, in a principal amount equal to the amount of such payment (but solely to the extent such Borrower shall have failed to directly reimburse Agent or, with respect to Lender Letters of Credit, the applicable LC Issuer, for the amount of such payment). Agent shall promptly notify Revolving Lenders of any such deemed request and each Revolving Lender hereby agrees to make available to Agent not later than 12:00 Noon (Eastern time) on the Business Day following such notification from Agent such Revolving Lender's Pro Rata Share of such Revolving Loan. Each Revolving Lender hereby absolutely and unconditionally agrees to fund such Revolving Lender's Pro Rata Share of the Loan described in the immediately preceding sentence, unaffected by any circumstance whatsoever, including, without limitation, (x) the occurrence and continuance of a Default or Event of Default, (y) the fact that, whether before or after giving effect to the making of any such Revolving Loan, the Revolving Loan Outstandings exceed or will exceed the Revolving Loan Limit, and/or (z) the non-satisfaction of any conditions set forth in Section 7.2. Agent hereby agrees to apply the gross proceeds of each Revolving Loan deemed made pursuant to this Section 2.5(c) in satisfaction of Borrowers' reimbursement obligations arising pursuant to this Section 2.5(c). Borrowers shall pay interest, on demand, on all amounts so paid by Agent pursuant to any Support Agreement or to any applicable Lender in honoring a draw request under any Lender Letter of Credit for each day from the date of such payment until Borrowers reimburse Agent or the applicable Lender therefor (whether pursuant to clause (A) or (B) of the first sentence of this subsection (c)) at a rate per annum equal to the sum of two percent (2%) *plus* the interest rate applicable to Revolving Loans for such day.

(d) Reimbursement and Other Payments by Borrowers. The obligations of each Borrower to reimburse Agent and/or the applicable LC Issuer pursuant to Section 2.5(c)

shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement, under all circumstances whatsoever, including the following:

(i) any lack of validity or enforceability of, or any amendment or waiver of or any consent to departure from, any Letter of Credit or any related document;

(ii) the existence of any claim, set-off, defense or other right which any Borrower may have at any time against the beneficiary of any Letter of Credit, the LC Issuer (including any claim for improper payment), Agent, any Lender or any other Person, whether in connection with any Financing Document or any unrelated transaction; *provided*, *however*, that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(iii) any statement or any other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever;

(iv) any affiliation between the LC Issuer and Agent; or

(v) to the extent permitted under applicable law, any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

(e) Deposit Obligations of Borrowers. In the event any Letters of Credit are outstanding at the time that Borrowers prepay in full or are required to repay the Obligations or the Revolving Loan Commitment is terminated, Borrowers shall (i) deposit with Agent for the benefit of all Revolving Lenders cash in an amount equal to one hundred five percent (105%) of the aggregate outstanding Letter of Credit Liabilities to be available to Agent, for its benefit and the benefit of issuers of Letters of Credit, to reimburse payments of drafts drawn under such Letters of Credit and pay any fees and expenses related thereto, and (ii) prepay the fee payable under Section 2.5(b) with respect to such Letters of Credit for the full remaining terms of such Letters of Credit assuming that the full amount of such Letters of Credit as of the date of such repayment or termination remain outstanding until the end of such remaining terms. Upon termination of any such Letter of Credit and so long as no Event of Default has occurred and is continuing, the unearned portion of such prepaid fee attributable to such Letter of Credit shall be refunded to Borrowers, together with the deposit described in the preceding clause (i) attributable to such Letter of Credit, but only to the extent not previously applied by Agent in the manner described herein.

(f) Participations in Support Agreements and Lender Letters of Credit.

(i) Concurrently with the issuance of each Supported Letter of Credit, Agent shall be deemed to have sold and transferred to each Revolving Lender, and each such Revolving Lender shall be deemed irrevocably and immediately to have purchased and received from Agent, without recourse or warranty, an undivided interest and participation in, to the extent of such Lender's Pro Rata Share, Agent's Support Agreement liabilities and obligations in respect of such Supported Letter of Credit and Borrowers' Reimbursement Obligations with respect thereto. Concurrently with the issuance of each Lender Letter of Credit, the LC Issuer in respect thereof shall be deemed

to have sold and transferred to each Revolving Lender, and each such Revolving Lender shall be deemed irrevocably and immediately to have purchased and received from such LC Issuer, without recourse or warranty, an undivided interest and participation in, to the extent of such Lender's Pro Rata Share, such Lender Letter of Credit and Borrowers' Reimbursement Obligations with respect thereto. Any purchase obligation arising pursuant to the immediately two preceding sentences shall be absolute and unconditional and shall not be affected by any circumstances whatsoever.

(ii) If either (A) Agent makes any payment or disbursement under any Support Agreement and/or (B) an LC Issuer makes any payment or disbursement under any Lender Letter of Credit, and (I) Borrowers have not reimbursed Agent or the applicable LC Issuer, as applicable, in full for such payment or disbursement in accordance with Section 2.5(c), or (II) any reimbursement under any Support Agreement or Lender Letter of Credit received by Agent or any LC Issuer, as applicable, from any Credit Party is or must be returned or rescinded upon or during any bankruptcy or reorganization of any Credit Party or otherwise, each Revolving Lender shall be irrevocably and unconditionally obligated to pay to Agent or the applicable LC Issuer, as applicable, its Pro Rata Share of such payment or disbursement (but no such payment shall diminish the Obligations of Borrowers under Section 2.5(c)). To the extent any such Revolving Lender shall not have made such amount available to Agent or the applicable LC Issuer, as applicable, before 12:00 Noon (Eastern time) on the Business Day on which such Lender receives notice from Agent or the applicable LC Issuer, as applicable, of such payment or disbursement, or return or rescission, as applicable, such Lender agrees to pay interest on such amount to Agent or the applicable LC Issuer, as applicable, forthwith on demand accruing daily at the Federal Funds Rate, for the first three (3) days following such Lender's receipt of such notice, and thereafter at the Base Rate *plus* the Applicable Margin in respect of Revolving Loans. Any such Revolving Lender's failure to make available to Agent or the applicable LC Issuer, as applicable, its Pro Rata Share of any such payment or disbursement, or return or rescission, as applicable, shall not relieve any other Lender of its obligation hereunder to make available such other Revolving Lender's Pro Rata Share of such payment, but no Revolving Lender shall be responsible for the failure of any other Lender to make available such other Lender's Pro Rata Share of any such payment or disbursement, or return or rescission.

Section 2.6 General Provisions Regarding Payment; Loan Account.

(a) All payments to be made by each Borrower under any Financing Document, including payments of principal and interest made hereunder and pursuant to any other Financing Document, and all fees, expenses, indemnities and reimbursements, shall be made without set-off, recoupment or counterclaim. If any payment hereunder becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension (it being understood and agreed that, solely for purposes of calculating financial covenants and computations contained herein and determining compliance therewith, if payment is made, in full, on any such extended due date, such payment shall be deemed to have been paid on the original due date without giving effect to

any extension thereto). Any payments received in the Payment Account before 12:00 Noon (Eastern time) on any date shall be deemed received by Agent on such date, and any payments received in the Payment Account at or after 12:00 Noon (Eastern time) on any date shall be deemed received by Agent on the next succeeding Business Day.

(b) Agent shall maintain a loan account (the "**Loan Account**") on its books to record Loans and other extensions of credit made by Lenders hereunder or under any other Financing Document, and all payments thereon made by each Borrower. All entries in the Loan Account shall be made in accordance with Agent's customary accounting practices as in effect from time to time. The balance in the Loan Account, as recorded in Agent's books and records at any time shall be conclusive and binding evidence of the amounts due and owing to Agent by each Borrower absent manifest error; *provided, however*, that any failure to so record or any error in so recording shall not limit or otherwise affect any Borrower's duty to pay all amounts owing hereunder or under any other Financing Document. Agent shall endeavor to provide Borrowers with a monthly statement regarding the Loan Account (but neither Agent nor any Lender shall have any liability if Agent shall fail to provide any such statement). Unless any Borrower notifies Agent of any objection to any such statement (specifically describing the basis for such objection) within ninety (90) days after the date of receipt thereof, it shall be deemed final, binding and conclusive upon Borrowers in all respects as to all matters reflected therein.

Section 2.7 Maximum Interest. In no event shall the interest charged with respect to the Loans or any other Obligations of any Borrower under any Financing Document exceed the maximum amount permitted under the laws of the State of New York or of any other applicable jurisdiction. Notwithstanding anything to the contrary herein or elsewhere, if at any time the rate of interest payable hereunder or under any Note or other Financing Document (the "**Stated Rate**") would exceed the highest rate of interest permitted under any applicable law to be charged (the "**Maximum Lawful Rate**"), then for so long as the Maximum Lawful Rate would be so exceeded, the rate of interest payable shall be equal to the Maximum Lawful Rate; *provided, however*, that if at any time thereafter the Stated Rate is less than the Maximum Lawful Rate, each Borrower shall, to the extent permitted by law, continue to pay interest at the Maximum Lawful Rate until such time as the total interest received is equal to the total interest which would have been received had the Stated Rate been (but for the operation of this provision) the interest rate payable. Thereafter, the interest rate payable shall be the Stated Rate unless and until the Stated Rate again would exceed the Maximum Lawful Rate, in which event this provision shall again apply. In no event shall the total interest received by any Lender exceed the amount which it could lawfully have received had the interest been calculated for the full term hereof at the Maximum Lawful Rate. If, notwithstanding the prior sentence, any Lender has received interest hereunder in excess of the Maximum Lawful Rate, such excess amount shall be applied to the reduction of the principal balance of the Loans or to other amounts (other than interest) payable hereunder, and if no such principal or other amounts are then outstanding, such excess or part thereof remaining shall be paid to Borrowers. In computing interest payable with reference to the Maximum Lawful Rate applicable to any Lender, such interest shall be calculated at a daily rate equal to the Maximum Lawful Rate *divided by* the number of days in the year in which such calculation is made.

Section 2.8 Taxes; Capital Adequacy.

(a) Except as required by applicable Law, all payments of principal and interest on the Loans and all other amounts payable hereunder shall be made free and clear of and without deduction for any present or future income, excise, stamp, documentary, payroll, employment, property or franchise taxes and other taxes, fees, duties, levies, assessments, withholdings or other charges of any nature whatsoever (including interest and penalties thereon) imposed by any taxing authority, ("**Taxes**"). If any withholding or deduction from any payment to be made by any Borrower hereunder is required in respect of any Taxes pursuant to any applicable Law, then Borrowers will: (i) be entitled to make such withholding or deduction, (ii) pay directly to the relevant authority the full amount required to be so withheld or deducted; (iii) promptly forward to Agent an official receipt or other documentation satisfactory to Agent evidencing such payment to such authority; and (iv) if such Tax is an Indemnified Tax, pay to Agent for the account of Agent and Lenders such additional amount or amounts as is necessary to ensure that the net amount actually received by Agent and each Lender will equal the full amount Agent and such Lender would have received had no such withholding or deduction been required (including, without limitation, such withholdings and deductions applicable to additional sums payable under this Section 2.8). If any Indemnified Taxes are directly asserted against Agent or any Lender with respect to any payment received by Agent or such Lender hereunder, Agent or such Lender may pay such Indemnified Taxes and Borrowers will promptly pay such additional amounts (including any penalty, interest or expense) as is necessary in order that the net amount received by such Person after the payment of such Indemnified Taxes (including any Indemnified Taxes on such additional amount) shall equal the amount such Person would have received had such Indemnified Taxes not been asserted so long as such amounts have accrued on or after the day which is two hundred seventy (270) days prior to the date on which Agent or such Lender first made written demand therefor.

(b) The Credit Parties shall indemnify Agent and Lenders, within ten (10) days after demand thereof, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 2.8) payable or paid by Agent or any Lender or required to be withheld or deducted from a payment to Agent or any Lender and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes and Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate in reasonable detail as to the amount of such payment or liability delivered to Borrower Representative by a Lender (with a copy to Agent), or by Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(c)

(i) Each Lender that (i) is organized under the laws of a jurisdiction other than the United States, and (ii)(A) is a party hereto on the Closing Date or (B) purports to become an assignee of an interest as a Lender under this Agreement after the Closing Date (unless such Lender was already a Lender hereunder immediately prior to such assignment) shall, to the extent legally entitled to do so, deliver on or prior to the date on which such Lender becomes a Lender (or such assignee acquires such assigned interest) to Borrower Representative and Agent one or more (as Borrower Representative or Agent may reasonably request) United States Internal Revenue Service ("**IRS**") Forms

W-8ECI, W-8BEN, W-8BEN-E, W-8IMY (as applicable) and other applicable forms, certificates or documents prescribed by the United States Internal Revenue Service or reasonably requested by Agent certifying as to such Lender's entitlement to a complete exemption from, or reduced rate of, withholding or deduction of Taxes. Each Lender that is a United States Person and is a party hereto on the Closing Date or purports to become an assignee of an interest as a Lender under this Agreement after the Closing Date (unless such Lender was already a Lender hereunder immediately prior to such assignment) shall deliver on or prior to the date on which such Lender becomes a Lender (or such assignee acquires such assigned interest) to Borrower Representative and Agent an IRS Form W-9 certifying that such Lender is exempt from United States federal backup withholding tax.

(ii) To the extent permitted by Law, each Lender shall deliver, at the time or times reasonably requested by Borrower Representative or Agent, such additional properly completed and executed documentation as is reasonably requested by Borrower Representative or Agent to permit payments hereunder to be made without withholding or at a reduced rate of withholding. Without limiting the foregoing, each Lender shall timely provide any documentation reasonably requested by Borrower Representative or Agent sufficient for Borrowers and Agent to comply with their obligations under FATCA and to determine whether such Lender has complied with applicable reporting requirements under FATCA.

(iii) Each Lender shall (to the extent legally entitled to do so) provide updated forms to Borrower Representative and Agent on or prior to the date any prior form previously provided under this Section 2.8(c) becomes obsolete or expires, after the occurrence of an event requiring a change in the most recent form or certification previously delivered by it pursuant to this Section 2.8(c) or from time to time if requested by Borrowers or Agent.

(d) If any Lender shall determine in its commercially reasonable judgment that the adoption or taking effect of, or any change in, any applicable Law regarding capital adequacy, in each instance, after the Closing Date, or any change after the Closing Date in the interpretation, administration or application thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation, administration or application thereof, or the compliance by any Lender or any Person controlling such Lender with any request, guideline or directive regarding capital adequacy (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency adopted or otherwise taking effect after the Closing Date, has or would have the effect of reducing the rate of return on such Lender's or such controlling Person's capital as a consequence of such Lender's obligations hereunder or under any Support Agreement or Lender Letter of Credit to a level below that which such Lender or such controlling Person could have achieved but for such adoption, taking effect, change, interpretation, administration, application or compliance (taking into consideration such Lender's or such controlling Person's policies with respect to capital adequacy) then from time to time, upon written demand by such Lender (which demand shall be accompanied by a statement setting forth the basis for such demand and a calculation of the amount thereof in reasonable detail, a copy of which shall be furnished to Agent), Borrowers shall promptly pay to such Lender such additional amount as will compensate such Lender or such controlling Person for such reduction, so long as such amounts have accrued on or after the

day which is two hundred seventy (270) days prior to the date on which such Lender first made demand therefor; *provided, however*, that notwithstanding anything in this Agreement to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International

Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "change in applicable Law", regardless of the date enacted, adopted or issued.

(e) If any Lender requires compensation under Section 2.8(d), or requires any Borrower to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.8(a), then, upon the written request of Borrower Representative, such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder (subject to the terms of this Agreement) to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or materially reduce amounts payable pursuant to any such subsection, as the case may be, in the future, and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender (as determined in its sole discretion). Borrowers hereby agree to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(f) If any Lender determines, in its sole discretion exercised in good faith, that it has received a refund in respect of any Taxes as to which it has been indemnified by any Borrower pursuant to this Section 2.8 (including the payment of additional amounts pursuant to this Section 2.8), then it shall promptly pay an amount equal to such refund to Borrower Representative, net of all reasonable out-of-pocket expenses of such Lender or of Agent with respect thereto, including any Taxes; *provided*, *however*, that each Borrower, upon the written request of such Lender or Agent, agrees to repay any amount paid over to Borrower Representative to such Lender or to Agent (plus any related penalties, interest or other charges imposed by the relevant Governmental Authority) in the event such Lender or Agent is required, for any reason, to disgorge or otherwise repay such refund. Notwithstanding anything to the contrary in this Section 2.8, in no event will a Lender be required to pay any amount to a Borrower pursuant to this Section 2.8(f) the payment of which would place such Lender in a less favorable net after-Tax position than such Lender would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This Section 2.8 shall not be construed to require any Lender (or Agent) to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to any Borrower (or affiliate, successor or assignee thereof) or any other Person.

(g) Each Lender shall severally indemnify Agent, within ten (10) days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Credit Party has not already indemnified Agent for such Indemnified Taxes and without limiting the obligation of the Credit Parties to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 11.17(b)(ii) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that

are payable or paid by Agent in connection with any Financing Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by Agent shall be conclusive absent manifest error. Each Lender hereby authorizes Agent to set off and apply any and all amounts at any time owing to such Lender under any Financing Document or otherwise payable by Agent to such Lender from any other source against any amount due to Agent under this paragraph (g).

(h) Each party's obligations under this Section 2.8 shall survive the resignation or replacement of Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Obligations and the repayment, satisfaction or discharge of all obligations under any Financing Document.

Section 2.9 Appointment of Borrower Representative. Each Borrower hereby designates Borrower Representative as its representative and agent on its behalf for the purposes of issuing Notices of Borrowing, Notices of LC Credit Events and Borrowing Base Certificates, and giving instructions with respect to the disbursement of the proceeds of the Loans, requesting Letters of Credit, giving and receiving all other notices and consents hereunder or under any of the other Financing Documents and taking all other actions (including in respect of compliance with covenants) on behalf of any Borrower or Borrowers under the Financing Documents. Borrower Representative hereby accepts such appointment. Notwithstanding anything to the contrary contained in this Agreement, no Borrower other than Borrower Representative shall be entitled to take any of the foregoing actions. The proceeds of each Loan made hereunder shall be advanced to or at the direction of Borrower Representative and if not used by Borrower Representative in its business (for the purposes provided in this Agreement) shall be deemed to be immediately advanced by Borrower Representative to the appropriate other Borrower hereunder as an intercompany loan (collectively, "**Intercompany Loans**"). All Letters of Credit and Support Agreements issued hereunder shall be issued at Borrower Representative's request therefor and shall be allocated to the appropriate Borrower's Intercompany Loan account by Borrower Representative. All collections of each Borrower in respect of Accounts and other proceeds of Collateral of such Borrower received by Agent and applied to the Obligations shall also be deemed to be repayments of the Intercompany Loans owing by such Borrower to Borrower Representative. Borrowers shall maintain accurate books and records with respect to all Intercompany Loans and all repayments thereof. Agent and each Lender may regard any notice or other communication pursuant to any Financing Document from Borrower Representative as a notice or communication from all Borrowers, and may give any notice or communication required or permitted to be given to any Borrower or all Borrowers hereunder to Borrower Representative on behalf of such Borrower or all Borrowers. Each Borrower agrees that each notice, election, representation and warranty, covenant, agreement and undertaking made on its behalf by Borrower Representative shall be deemed for all purposes to have been made by such Borrower and shall be binding upon and enforceable against such Borrower to the same extent as if the same had been made directly by such Borrower.

Section 2.10 Joint and Several Liability; Rights of Contribution; Subordination and Subrogation.

(a) Borrowers are defined collectively to include all Persons named as a Borrower herein; *provided*, *however*, that any references herein to "any Borrower", "each Borrower" or similar references, shall be construed as a reference to each individual Person named as a Borrower herein. Each Person so named shall be jointly and severally liable for all of the obligations of Borrowers under this Agreement. Each Borrower, individually, expressly understands, agrees and acknowledges, that the credit facilities would not be made available on the terms herein in the absence of the collective credit of all of the Persons named as a Borrower herein, the joint and several liability of all such Persons, and the cross-collateralization of the collateral of all such Persons. Accordingly, each Borrower individually acknowledges that the benefit to each of the Persons named as a Borrower as a whole constitutes reasonably equivalent value, regardless of the amount of the credit facilities actually borrowed by, advanced to, or the amount of collateral provided by, any individual Borrower. In addition, each entity named as a Borrower herein hereby acknowledges and agrees that all of the representations, warranties, covenants, obligations, conditions, agreements and other terms contained in this Agreement shall be applicable to and shall be binding upon and measured

and enforceable individually against each Person named as a Borrower herein as well as all such Persons when taken together. By way of illustration, but without limiting the generality of the foregoing, the terms of Section 10.1 of this Agreement are to be applied to each individual Person named as a Borrower herein (as well as to all such Persons taken as a whole), such that the occurrence of any of the events described in Section 10.1 of this Agreement as to any Person named as a Borrower herein shall constitute an Event of Default even if such event has not occurred as to any other Persons named as a Borrower or as to all such Persons taken as a whole.

(b) Notwithstanding any provisions of this Agreement to the contrary, it is intended that the joint and several nature of the liability of each Borrower for the Obligations and the Liens granted by Borrowers to secure the Obligations, not constitute a Fraudulent Conveyance (as defined below). Consequently, Agent, Lenders and each Borrower agree that if the liability of a Borrower for the Obligations, or any Liens granted by such Borrower securing the Obligations would, but for the application of this sentence, constitute a Fraudulent Conveyance, the liability of such Borrower and the Liens securing such liability shall be valid and enforceable only to the maximum extent that would not cause such liability or such Lien to constitute a Fraudulent Conveyance, and the liability of such Borrower and this Agreement shall automatically be deemed to have been amended accordingly. For purposes hereof, the term "**Fraudulent Conveyance**" means a fraudulent conveyance under Section 548 of Chapter 11 of Title II of the Bankruptcy Code or a fraudulent conveyance or fraudulent transfer under the applicable provisions of any fraudulent conveyance or fraudulent transfer law or similar law of any state, nation or other governmental unit, as in effect from time to time.

(c) Agent is hereby authorized, without notice or demand (except as otherwise specifically required under this Agreement) and without affecting the liability of any Borrower hereunder, at any time and from time to time, to: (i) renew, extend or otherwise increase the time for payment of the Obligations; (ii) with the written agreement of any Borrower, change the terms relating to the Obligations or otherwise modify, amend or change the terms of any Note or other agreement, document or instrument now or hereafter executed by any Borrower and

delivered to Agent for any Lender; (iii) accept partial payments of the Obligations; (iv) take and hold any Collateral for the payment of the Obligations or for the payment of any guaranties of the Obligations and exchange, enforce, waive and release any such Collateral; (v) apply any such Collateral and direct the order or manner of sale thereof as Agent, in its sole discretion, may determine; and (vi) settle, release, compromise, collect or otherwise liquidate the Obligations and any Collateral therefor in any manner, all guarantor and surety defenses being hereby waived by each Borrower. Without limitation of the foregoing, with respect to the Obligations, each Borrower hereby makes and adopts each of the agreements and waivers set forth in each Guarantee, the same being incorporated hereby by reference. Except as specifically provided in this Agreement or any of the other Financing Documents, Agent shall have the exclusive right to determine the time and manner of application of any payments or credits, whether received from any Borrower or any other source, and such determination shall be binding on all Borrowers. All such payments and credits may be applied, reversed and reapplied, in whole or in part, to any of the Obligations that Agent shall determine, in its sole discretion, without affecting the validity or enforceability of the Obligations of the other Borrower.

(d) Each Borrower hereby agrees that, except as hereinafter provided, its obligations hereunder shall be unconditional, irrespective of: (i) the absence of any attempt to collect the Obligations from any obligor or other action to enforce the same; (ii) the waiver or consent by Agent with respect to any provision of any instrument evidencing the Obligations, or any part thereof, or any other agreement heretofore, now or hereafter executed by a Borrower and delivered to Agent; (iii) failure by Agent to take any steps to perfect and maintain its security interest in, or to preserve its rights to, any security or collateral for the Obligations; (iv) the institution of any proceeding under the Bankruptcy Code, or any similar proceeding, by or against a Borrower or Agent's election in any such proceeding of the application of Section 1111(b)(2) of the Bankruptcy Code; (v) any borrowing or grant of a security interest by a Borrower as debtor-in-possession, under Section 364 of the Bankruptcy Code; (vi) the disallowance, under Section 502 of the Bankruptcy Code, of all or any portion of Agent's claim(s) for repayment of any of the Obligations; or (vii) any other circumstance other than payment in full of the Obligations which might otherwise constitute a legal or equitable discharge or defense of a guarantor or surety.

(e) Borrowers hereby agree, as between themselves, that to the extent that Agent, on behalf of Lenders, shall have received from any Borrower any Recovery Amount (as defined below), then the paying Borrower shall have a right of contribution against each other Borrower in an amount equal to such other Borrower's contributive share of such Recovery Amount; *provided*, *however*, that in the event any Borrower suffers a Deficiency Amount (as defined below), then the applicable Borrower suffering the Deficiency Amount shall be entitled to seek and receive contribution from and against the other Borrowers in an amount equal to the Deficiency Amount; and *provided*, *further*, that in no event shall the aggregate amounts so reimbursed by reason of the contribution of any Borrower equal or exceed an amount that would, if paid, constitute or result in Fraudulent Conveyance. Until all Obligations have been paid and satisfied in full, no payment made by or for the account of a Borrower including, without limitation, (i) a payment made by such Borrower on behalf of the liabilities of any other Borrower, or (ii) a payment made by any other Guarantor under any Guarantee, shall entitle such Borrower, by subrogation or otherwise, to any payment from such other Borrower or from or out of such other Borrower's property. The right of each Borrower to receive any contribution under

this Section 2.10(e) or by subrogation or otherwise from any other Borrower shall be subordinate in right of payment to the Obligations and such Borrower shall not exercise any right or remedy against such other Borrower or any property of such other Borrower by reason of any performance of such Borrower of its joint and several obligations hereunder, until the Obligations have been indefeasibly paid and satisfied in full, and no Borrower shall exercise any right or remedy with respect to this Section 2.10(e) until the Obligations have been indefeasibly paid and satisfied in full. As used in this Section 2.10(e), the term "**Recovery Amount**" means the amount of proceeds received by or credited to Agent from the exercise of any remedy of Lenders under this Agreement or the other Financing Documents, including, without limitation, the sale of any Collateral. As used in this Section 2.10(e), the term "**Deficiency Amount**" means any amount that is less than the entire amount a Borrower is entitled to receive by way of contribution or subrogation from, but that has not been paid by, the other Borrowers in respect of any Recovery Amount attributable to such Borrower entitled to contribution, until the Deficiency Amount has been reduced to $0 through contributions and reimbursements made under the terms of this Section 2.10(e) or otherwise.

Section 2.11 Collections and Lockbox Account.

(a) Borrowers shall maintain a lockbox (the "**Lockbox**") with a United States depository institution designated from time to time by Agent (the "**Lockbox Bank**"), subject to the provisions of this Agreement, and shall execute with the Lockbox Bank a Deposit Account Control Agreement and such other agreements related to such Lockbox as Agent may reasonably require. At all times following the Collections Account Post-Closing Period, Borrowers shall ensure that all collections of Third Party Accounts are paid directly by the applicable Third Party Account Debtor (i) into the Lockbox for

deposit into the Lockbox Account and/or (ii) directly into the Lockbox Account. At all times during the Collections Account Post-Closing Period, Borrowers shall ensure that (x) by the close of business on Wednesday of each calendar week, all collections received from any Third Party Account Debtor prior to such Wednesday are transferred into the Payment Account and (y) by the close of business on Friday of each calendar week, all collections received from any Third Party Account Debtor prior to such Friday are transferred into the Payment Account. At all times following the Collections Account Post-Closing Period, all funds deposited into a Lockbox Account shall be transferred into the Payment Account (or, prior to the time of the initial borrowing of the Revolving Loans, such Deposit Account of Borrower, as Agent may direct in its sole discretion) by the close of each Business Day.

(b) Notwithstanding anything in any lockbox agreement or Deposit Account Control Agreement to the contrary, Borrowers agree that they shall be liable for any fees and charges in effect from time to time and charged by the Lockbox Bank in connection with the Lockbox and the Lockbox Account, and that Agent shall have no liability therefor. Borrowers hereby indemnify and agree to hold Agent harmless from any and all liabilities, claims, losses and demands whatsoever, including reasonable and documented attorneys' fees and expenses, arising from or relating to actions of Agent or the Lockbox Bank pursuant to this Section or any lockbox agreement or Deposit Account Control Agreement or similar agreement, except to the extent of such losses arising solely from Agent's gross negligence or willful misconduct.

(c) Agent shall apply, on a daily basis, all funds transferred into the Payment Account pursuant to this Section to reduce the outstanding Revolving Loans in such order of application as Agent shall elect. If as the result of collections of Accounts pursuant to the terms and conditions of this Section, a credit balance exists with respect to the Loan Account, such credit balance shall not accrue interest in favor of Borrowers, but Agent shall transfer such funds into an account designated by Borrower Representative for so long as no Event of Default exists.

(d) To the extent that any collections of Accounts or proceeds of Inventory are not sent directly to the Lockbox or Lockbox Account but are received by any Borrower, such collections shall be held in trust for the benefit of Agent pursuant to an express trust created hereby and immediately remitted, in the form received, to the applicable Lockbox or Lockbox Account. At all times following the Collections Account Post-Closing Period, no such funds received by any Borrower shall be commingled with other funds of Borrowers. If any funds received by any Borrower are commingled with other funds of Borrowers, or are required to be deposited to a Lockbox or Lockbox Account and are not so deposited within two (2) Business Days, then Borrowers shall pay to Agent, for its own account and not for the account of any other Lenders, a compliance fee equal to $500 for each day that any such conditions exist.

(e) Borrowers acknowledge and agree that compliance with the terms of this Section is essential, and that Agent and Lenders will suffer immediate and irreparable injury and have no adequate remedy at law, if any Borrower, through acts or omissions, causes or permits Account Debtors to send payments other than to the Lockbox or Lockbox Accounts or if any Borrower fails to promptly deposit collections of Accounts or proceeds of Inventory in the Lockbox Account as herein required. Accordingly, in addition to all other rights and remedies of Agent and Lenders hereunder, Agent shall have the right to seek specific performance of Borrowers' obligations under this Section, and any other equitable relief as Agent may deem necessary or appropriate, and Borrowers waive any requirement for the posting of a bond in connection with such equitable relief.

(f) Borrowers shall not, and Borrowers shall not suffer or permit any Credit Party to, (i) withdraw any amounts from any Lockbox Account, (ii) change the procedures or sweep instructions under the agreements governing any Lockbox Accounts, or (iii) send to or deposit in any Lockbox Account any funds other than payments made with respect to and proceeds of Accounts or other Collateral. Borrowers shall, and shall cause each Credit Party to, cooperate with Agent in the identification and reconciliation on a weekly basis of all amounts received in or required to be deposited into the Lockbox Accounts. If more than five percent (5%) of the collections of Accounts received by Borrowers during any given fifteen (15) day period is not identified or reconciled to the reasonable satisfaction of Agent within ten (10) Business Days of receipt, Agent shall not be obligated to make further advances under this Agreement until such amount is identified or is reconciled to the reasonable satisfaction of Agent, as the case may be. In addition, if any such amount cannot be identified or reconciled to the reasonable satisfaction of Agent, Agent may utilize its own staff or, if it deems necessary, engage an outside auditor, in either case at Borrowers' expense (which in the case of Agent's own staff shall be in accordance with Agent's then prevailing customary charges (*plus* expenses)), to make such examination and report as may be necessary to identify and reconcile such amount.

(g) If any Borrower breaches its obligation to direct payments of Accounts and the proceeds of Inventory to the Lockbox Account, Agent, as the irrevocably made, constituted and appointed true and lawful attorney for Borrowers, may, by the signature or other act of any of Agent's authorized representatives (without requiring any of them to do so), direct any Account Debtor to pay Accounts and proceeds of Inventory to Borrowers by directing payment to the Lockbox Account.

Section 2.12 Termination; Restriction on Termination.

(a) Termination by Lenders. In addition to the rights set forth in Section 10.2, Agent may, and at the direction of Required Lenders shall, terminate this Agreement without notice during the existence of an Event of Default.

(b) Termination by Borrowers. Upon at least five (5) Business Days' (or such shorter period as Agent, in its sole discretion, shall agree) prior written notice to Agent and Lenders, Borrowers may, at their option, terminate this Agreement; *provided*, *however*, that no such termination shall be effective until Borrowers have (i) paid or collateralized to Agent's reasonable satisfaction all of the Obligations in immediately available funds, all Letters of Credit and Support Agreements have expired, terminated or have been cash collateralized to Agent's reasonable satisfaction, and (ii) complied with Section 2.2(g) and the terms of the Fee Letter. Any notice of termination given by Borrowers shall be irrevocable unless all Lenders otherwise agree in writing and no Lender shall have any obligation to make any Loans or issue or procure any Letters of Credit or Support Agreements on or after the termination date stated in such notice. Borrowers may elect to terminate this Agreement in its entirety only. No section of this Agreement or type of Loan available hereunder may be terminated singly.

(c) Effectiveness of Termination. All of the Obligations shall be immediately due and payable upon the Termination Date. All undertakings, agreements, covenants, warranties and representations of Borrowers contained in the Financing Documents shall survive any such termination and Agent shall retain its Liens in the Collateral and Agent and each Lender shall retain all of its rights and remedies under the Financing Documents notwithstanding such termination until all Obligations (other than with respect to contingent indemnification obligations for which no claim has been made)

have been discharged or paid, in full, in immediately available funds, including, without limitation, all Obligations under Section 2.2(g) and the terms of the Fee Letter resulting from such termination. Notwithstanding the foregoing or the payment in full of the Obligations, Agent shall not be required to terminate its Liens in the Collateral unless, with respect to any loss or damage Agent may reasonably expect to incur as a result of dishonored checks or other items of payment received by Agent from Borrower or any Account Debtor and applied to the Obligations, Agent shall, at its option, (i) have received a written agreement reasonably satisfactory to Agent, executed by Borrowers and by any Person whose loans or other advances to Borrowers are used in whole or in part to satisfy the Obligations, indemnifying Agent and each Lender from any such loss or damage or (ii) have retained cash Collateral or other Collateral for such period of time as Agent, in its reasonable discretion, may deem necessary to protect Agent and each Lender from any such loss or damage.

(d) Partial Collateral Release. In respect of Collateral that is disposed of in connection with a Permitted Asset Disposition, the security interest in such Collateral (but not in

respect of Collateral not so disposed of) shall be automatically terminated upon such disposition without any further action by any party.

(e) Actions by Agent. Without limiting the foregoing clauses (a) — (d), Agent will, at the sole expense of Borrowers, take such actions as may be reasonably requested by Borrowers to evidence any of the foregoing releases set forth in clauses (c) and (d) above (including duly assigning, transferring and delivering to or at the direction of Borrowers (without recourse and without any representation or warranty) such of the Collateral as may then be in the possession of Agent, together with any monies at the time held by Agent hereunder, and executing and delivering to Borrowers a proper instrument or instruments, as reasonably requested, acknowledging the satisfaction and termination of this Agreement (in the case of clause (c) above) and the release of Liens hereunder and under the other Financing Documents), all of which shall be in form and substance acceptable to Agent.

ARTICLE 3 - REPRESENTATIONS AND WARRANTIES

To induce Agent and Lenders to enter into this Agreement and to make the Loans and other credit accommodations contemplated hereby, each Borrower hereby represents and warrants to Agent and each Lender that:

Section 3.1 Existence and Power. Each Credit Party is an entity as specified on Schedule 3.1, is duly organized, validly existing and in good standing under the laws of the jurisdiction specified on Schedule 3.1 and no other jurisdiction, has the same legal name as it appears in such Credit Party's Organizational Documents and an organizational identification number (if any), in each case as specified on Schedule 3.1, and has all powers and all Permits necessary or desirable in the operation of its business as presently conducted or as proposed to be conducted, except where the failure to have such Permits could not reasonably be expected to have a Material Adverse Effect. Each Credit Party is qualified to do business as a foreign entity in each jurisdiction in which it is required to be so qualified, which jurisdictions as of the Closing Date are specified on Schedule 3.1, except where the failure to be so qualified could not reasonably be expected to have a Material Adverse Effect. As of the Closing Date, except as set forth on Schedule 3.1, no Credit Party (a) has had, over the five (5) year period preceding the Closing Date, any name other than its current name, or (b) was incorporated or organized under the laws of any jurisdiction other than its current jurisdiction of incorporation or organization.

Section 3.2 Organization and Governmental Authorization; No Contravention. The execution, delivery and performance by each Credit Party of the Operative Documents to which it is a party are within its powers, have been duly authorized by all necessary action pursuant to its Organizational Documents, require no further action by or in respect of, or filing with, any Governmental Authority, except for the filings necessary to perfect the Liens created by the Financing Documents and any necessary filings with the SEC, and do not violate, conflict with or cause a breach or a default under (a) any Law applicable to any Credit Party or any of the Organizational Documents of any Credit Party, or (b) any agreement or instrument binding upon it, except for such violations, conflicts, breaches or defaults as could not, with respect to this clause (b), reasonably be expected to have a Material Adverse Effect.

Section 3.3 Binding Effect. Each of the Operative Documents to which any Credit Party is a party constitutes a valid and binding agreement or instrument of such Credit Party, enforceable against such Credit Party in accordance with its respective terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws relating to the enforcement of creditors' rights generally and by general equitable principles.

Section 3.4 Capitalization. The authorized equity securities of each of the Credit Parties (other than Accuray) as of the Closing Date are as set forth on Schedule 3.4. All issued and outstanding equity securities of each of the Credit Parties (other than Accuray) are duly authorized and validly issued, fully paid, nonassessable, free and clear of all Liens other than those in favor of Agent for the benefit of Agent and Lenders, and such equity securities were issued in compliance with all applicable Laws. The identity of the holders of the equity securities of each of the Credit Parties (other than Accuray) and the percentage of their fully-diluted ownership of the equity securities of each of the Credit Parties (other than Accuray) as of the Closing Date is set forth on Schedule 3.4. No shares of the capital stock or other equity securities of any Credit Party (other than Accuray), other than those described above, are issued and outstanding as of the Closing Date. Except as set forth on Schedule 3.4, as of the Closing Date there are no preemptive or other outstanding rights, options, warrants, conversion rights or similar agreements or understandings for the purchase or acquisition from any Credit Party (other than Accuray) of any equity securities of any such entity.

Section 3.5 Financial Information. The Financial Statements delivered to Agent fairly present, in all material respects, the financial position of Accuray and its Consolidated Subsidiaries as of such date in conformity with GAAP. Since June 30, 2016, no Material Adverse Effect has occurred.

Section 3.6 Litigation. Except as set forth on Schedule 3.6 as of the Closing Date, and except as hereafter disclosed to Agent in writing, there is no Litigation pending against, or to such Borrower's knowledge threatened, in writing, against or affecting, any Credit Party that, individually or the aggregate, could reasonably be expected to have a Material Adverse Effect or which in any manner draws into question the validity of any of the Operative Documents.

Section 3.7 Ownership of Property. Each Borrower is the lawful owner of, has good and marketable title to, subject to Permitted Liens, and is in lawful possession of, or has valid leasehold interests in, all properties and other assets (real or personal, tangible, intangible or mixed) purported or reported to be owned or leased (as the case may be) by such Person, except for minor defects in title that do not materially interfere with its ability to conduct its business or to utilize such assets for their intended purposes.

Section 3.8 No Default. No Event of Default, or to such Borrower's knowledge, Default, has occurred and is continuing. No Credit Party is in breach or default under or with respect to any contract, agreement, lease or other instrument to which it is a party or by which its property is bound or affected, which breach or default could reasonably be expected to have a Material Adverse Effect.

Section 3.9 Labor Matters. As of the Closing Date, there are no strikes or other labor disputes pending or, to any Borrower's knowledge, threatened in writing against any Credit

Party. Hours worked and payments made to the employees of the Credit Parties have not been in material violation of the Fair Labor Standards Act or any other applicable Law dealing with such matters. All material payments due from the Credit Parties, or for which any claim may be made against any of them, on account of wages and employee retirement and health and welfare benefits or insurance have been paid or accrued as a liability on their books, as the case may be. The consummation of the transactions contemplated by the Financing Documents will not give rise to a right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which it is a party or by which it is bound.

Section 3.10 Regulated Entities. No Credit Party is required to be registered as an "investment company" under the Investment Company Act of 1940.

Section 3.11 Margin Regulations. None of the proceeds from the Loans have been or will be used, directly or indirectly, for the purpose of purchasing or carrying any "margin stock" (as defined in Regulation U of the Federal Reserve Board) or for any other purpose which might cause any of the Loans to be considered a "purpose credit" within the meaning of Regulation T, U or X of the Federal Reserve Board.

Section 3.12 Compliance With Laws; Anti-Terrorism Laws.

(a) Each Credit Party is in compliance with the requirements of all applicable Laws, except for such Laws the noncompliance with which could not reasonably be expected to have a Material Adverse Effect.

(b) None of the Credit Parties and, to the knowledge of the Credit Parties, none of their Affiliates (i) is in violation of any Anti-Terrorism Law, (ii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law, (iii) is a Blocked Person, (iv) is acting or will act for or on behalf of a Blocked Person, (v) is associated with, or will become associated with, a Blocked Person or (vi) is providing, or will provide, material, financial or technical support or other services to or in support of acts of terrorism of a Blocked Person. No Credit Party nor, to the knowledge of any Credit Party, any of its Affiliates or agents acting or benefiting in any capacity in connection with the transactions contemplated by this Agreement, (A) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person, except in compliance with applicable Law or (B) deals in, or otherwise engages in any transaction relating to, any property or interest in property blocked pursuant to Executive Order No. 13224, any similar executive order or other Anti-Terrorism Law.

Section 3.13 Taxes. All material federal, state, foreign and local tax returns, reports and statements required to be filed by or on behalf of each Credit Party have been filed with the appropriate Governmental Authorities in all jurisdictions in which such returns, reports and statements are required to be filed and, except to the extent subject to a Permitted Contest, all income and other material Taxes (including real property Taxes) and other charges shown to be due and payable in respect thereof have been timely paid prior to the date on which any fine, penalty, interest, late charge or loss may be added thereto for nonpayment thereof. Except to the extent subject to a Permitted Contest, all material state and local sales and use Taxes required to

be paid by each Credit Party have been paid. All income and other material federal and state Tax returns have been filed by each Credit Party for all periods for which returns were due with respect to employee income tax withholding, social security and unemployment taxes, and, except to the extent subject to a Permitted Contest, the material amounts shown thereon to be due and payable have been paid in full or adequate provisions therefor have been made. For purposes of this Section 3.13, any federal, state, local or foreign tax, assessment, deposit or contribution, and any return with respect thereto, shall not be considered "material" only if and to the extent that the amount of such tax, assessment, deposit or contribution, when added to all other outstanding taxes, assessments, deposits or contributions, is equal to or less than $1,000,000 in the aggregate at any time.

Section 3.14 Compliance with ERISA.

(a) Each ERISA Plan (and the related trusts and funding agreements) complies in form and in operation with, has been administered in compliance with, and the terms of each ERISA Plan satisfy, the applicable requirements of ERISA and the Code in all material respects. Each ERISA Plan which is intended to be qualified under Section 401(a) of the Code is so qualified, and the United States Internal Revenue Service has issued a favorable determination letter with respect to each such ERISA Plan which may be relied on currently. No Credit Party has incurred liability for any material excise tax under any of Sections 4971 through 5000 of the Code.

(b) Except as could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, each Borrower and each Subsidiary is in compliance with the applicable provisions of ERISA and the provision of the Code relating to ERISA Plans and the regulations and published interpretations therein. During the thirty-six (36) month period prior to the Closing Date or the making of any Loan or the issuance of any Letter of Credit, (i) no steps have been taken to terminate any Pension Plan, and (ii) no contribution failure has occurred with respect to any Pension Plan sufficient to give rise to a Lien under Section 303(k) of ERISA or Section 430(k) of the Code and no event has occurred that would give rise to a Lien under Section 4068 of ERISA. No condition exists or event or transaction has occurred with respect to any Pension Plan that could be reasonably expected to result in the incurrence by any Credit Party of any material liability, fine or penalty. No Credit Party has incurred liability to the PBGC (other than for current premiums) with respect to any Pension Plan. Except as could not reasonably be expected to result in material liability to any Credit Party, all contributions (if any) have been made on a timely basis to any Multiemployer Plan that are required to be made by any Credit Party or any other member of the Controlled Group under the terms of the plan or of any collective bargaining agreement or by applicable Law; no Credit Party nor any member of the Controlled Group has withdrawn or partially withdrawn from any Multiemployer Plan, incurred any withdrawal liability with respect to any such plan or received notice of any claim or demand for withdrawal liability or partial withdrawal liability from any such plan, and no condition has occurred which, if continued, could result in a

withdrawal or partial withdrawal from any such plan, and no Credit Party nor any member of the Controlled Group has received any notice that increased contributions may be required to avoid a reduction in plan benefits or the imposition of any excise tax, that any such plan is or has been funded at a rate less than that required under Section 412 of the Code, that any such plan is being or is likely to be terminated, or that any such plan is being or is likely to become insolvent.

Section 3.15 Consummation of Operative Documents; Brokers. Except for fees payable to Agent and/or Lenders and as scheduled on Schedule 3.15, no broker, finder or other intermediary has brought about the obtaining, making or closing of the transactions contemplated by the Operative Documents, and no Credit Party has or will have any obligation to any Person in respect of any finder's or brokerage fees, commissions or other expenses in connection herewith or therewith.

Section 3.16 Related Transactions. All transactions contemplated by the Operative Documents to be consummated on or prior to the date hereof have been so consummated (including, without limitation, the disbursement and transfer of all funds in connection therewith) in all material respects pursuant to the provisions of the applicable Operative Documents, true and complete copies of which have been delivered to Agent, and in compliance with all applicable Law, except for such Laws the noncompliance with which would not reasonably be expected to have a Material Adverse Effect.

Section 3.17 Material Contracts. Except for (a) the Operative Documents, (b) the Convertible Notes Debt, (c) the 2018 Indenture and any other indenture in respect of Convertible Notes Debt, and (d) the other agreements set forth on Schedule 3.17 (collectively with the Operative Documents, the "**Material Contracts**"), as of the Closing Date there are no agreements or instruments to which any Credit Party is a party, and the breach, nonperformance or cancellation of which, or the failure of which to renew, could reasonably be expected to have a Material Adverse Effect. Schedule 3.17 sets forth, with respect to each real estate lease agreement to which any Borrower is a party (as a lessee) as of the Closing Date, the address of the subject property and the annual rental (or, where applicable, a general description of the method of computing the annual rental). The consummation of the transactions contemplated by the Financing Documents will not give rise to a right of termination in favor of any party to any Material Contract (other than any Credit Party), except for such Material Contracts the noncompliance with which would not reasonably be expected to have a Material Adverse Effect.

Section 3.18 Compliance with Environmental Requirements; No Hazardous Materials. Except in each case as set forth on Schedule 3.18:

(a) no Credit Party has received notice, notification, demand, request for information, citation, summons, complaint or order, no complaint has been filed and served on any Credit Party, and no penalty has been assessed and no investigation or review is pending, or to such Borrower's knowledge, threatened by any Governmental Authority or other Person with respect to any (i) alleged violation by any Credit Party of any Environmental Law, (ii) alleged failure by any Credit Party to have any Permits required under Environmental Law in connection with the conduct of its business or to comply with the terms and conditions thereof, (iii) any generation, treatment, storage, recycling, transportation or disposal of any Hazardous Materials, or (iv) release of Hazardous Materials, which, in each case, could reasonably be expected to have a Material Adverse Effect; and

(b) no property now owned or leased by any Credit Party and, to the knowledge of each Borrower, no such property previously owned or leased by any Credit Party, to which any Credit Party has, directly or indirectly, transported or arranged for the transportation of any Hazardous Materials, is listed or, to such Borrower's knowledge, proposed

for listing, on the National Priorities List promulgated pursuant to CERCLA, or CERCLIS (as defined in CERCLA) or any similar state list or is the subject of federal, state or local enforcement actions or, to the knowledge of such Borrower, other investigations which may lead to claims against any Credit Party for clean-up costs, remedial work, damage to natural resources or personal injury claims, including, without limitation, claims under CERCLA, except for such listings or claims that could not reasonably be expected to have a Material Adverse Effect.

Section 3.19 Intellectual Property. Except as would not reasonably be expected to have a Material Adverse Effect, each Credit Party owns, is licensed to use or otherwise has the right to use, all Intellectual Property that is necessary for the conduct of such Credit Party's business. All Intellectual Property existing as of the Closing Date which is issued, registered or pending with any United States or foreign Governmental Authority (including, without limitation, any and all applications for the registration of any Intellectual Property with any such United States or foreign Governmental Authority) owned by each Credit Party, all material in-bound license or sub-license agreements, all exclusive out-bound license or sub-license agreements, and all other rights of any Credit Party to use any Intellectual Property of any Person that is material to the business of the Credit Parties as currently conducted, taken as a whole (but excluding in-bound licenses of over-the-counter software that is commercially available to the public), as of the Closing Date and, as updated pursuant to Section 4.11, is set forth on Schedule 3.19 in a form acceptable to Administrative Agent, including the information required to sufficiently identify each item individually. Except as indicated on Schedule 3.19, the applicable Credit Party is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each such registered Intellectual Property (or application therefor) owned by such Credit Party, free and clear of any Liens and/or licenses in favor of third parties (other than Permitted Liens and non-exclusive licenses of Intellectual Property). All registered Intellectual Property of each Credit Party is duly and properly registered, filed or issued in the appropriate office and jurisdictions for such registrations, filings or issuances, except where the failure to do so would not reasonably be expected to have a Material Adverse Effect. No Credit Party is party to, nor bound by, any material license or other material agreement, as the licensee thereto, that prohibits or otherwise restricts such Credit Party from granting a security interest in such license or agreement or other property (after giving effect to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC of any relevant jurisdiction or any other applicable law). To each Credit Party's knowledge, (i) such Credit Party's conduct of its business does not infringe any Intellectual Property rights of others and (ii) no third party has infringed or is infringing any Intellectual Property rights of any Credit Party, in each case, except as would not reasonably be expected to have a Material Adverse Effect.

Section 3.20 Solvency. After giving effect to the Loan advance and the liabilities and obligations of each Borrower under the Operative Documents, each Borrower and each additional Credit Party is Solvent.

Section 3.21 Full Disclosure. None of the written information (financial or otherwise) (other than projections, other forward-looking information and industry information) furnished by or on behalf of any Credit Party to Agent or any Lender in connection with the consummation of the transactions contemplated by the Operative Documents, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not materially misleading in light of the circumstances under which such statements

were made. Such projections represent each Borrower's best estimate of such Borrower's future financial performance and such assumptions are believed by such Borrower to be fair and reasonable in light of the business conditions at the time such projections were made; *provided, however*, that (i) projections as to future events are not to be viewed as facts, (ii) Borrowers can give no assurance that such projections will be attained and (iii) Agent and Lenders are hereby notified that the differences between projected results and actual results may be material.

Section 3.22 Reserved.

Section 3.23 Subsidiaries. Borrowers do not own any stock, partnership interests, limited liability company interests or other equity securities or Subsidiaries except for Permitted Investments.

Section 3.24 Reserved.

Section 3.25 Regulatory Matters.

(a) (i) The businesses of Borrowers have been and are being conducted in compliance in all material respects with all applicable Law, including the Healthcare Laws, and all Permits, (ii) each Product (whether manufactured by Accuray or any of its Subsidiaries, any of their respective Affiliates or by a third party manufacturer under contract to Accuray or any of its Subsidiaries) has been, and currently is, being researched, developed, designed, investigated, manufactured, made, assembled, stored, packaged, labeled, marketed and distributed in compliance with all applicable Law, including, without limitation, the Healthcare Laws, all required Permits, cGMP, QSR, the Device Master Record as defined in 21 CFR 820.181 and Document Controls under 21 CFR 820.40 and all Product specifications as established in company documentation, except to the extent any failure to so comply could not reasonably be expected to result in any adverse consequences to the Credit Parties (other than immaterial consequences), (iii) each contract between Accuray and any of its Subsidiaries on the one hand, and any third party manufacturer on the other hand contain (and Accuray and each of its Subsidiaries implement), appropriate quality assurance arrangements in accordance with FDA requirements, (iv) Accuray and its Subsidiaries are in compliance in all material respects with applicable Law governing reporting and recordkeeping of Product modifications, adverse event reporting, reporting of corrections and removals, and recordkeeping for each Product, and all manufacturing and release documents and records are true and accurate in all material respects, and (v) neither Accuray nor any of its Subsidiaries has received or been subject to any written or oral communications from the FDA, the NRC or any other Governmental Authority asserting that Accuray, any such Subsidiary or any such Product was not in compliance in any material respect with any applicable Law or any Permit.

(b) Other than routine surveillance audits and inspections, no investigation by any Governmental Authority with respect to Accuray or any of its Subsidiary is pending or, to the knowledge of the Credit Parties, threatened. None of Accuray or any of its Subsidiaries has received any written or oral communication from any Governmental Authority of any noncompliance with any Law or any written or oral communication from any Governmental Authority or accrediting organization of any material issues, problems, or concerns regarding the quality or performance of the Products.

(c) Accuray and its Subsidiaries own, free and clear of all Liens, except Liens securing the Obligations, all Permits, including all authorizations under the FD&C Act, other United States federal laws, and all applicable state and foreign laws, necessary (i) for the research and development and commercialization of the Products, including, without limitation, all Permits necessary in connection with testing, manufacturing, marketing or selling of such Products, as such testing, manufacturing, marketing or selling are currently being conducted, and (ii) to carry on the business of Accuray and each of its Subsidiaries. All such Permits are valid and in full force and effect and Accuray and each Subsidiary is in compliance in all material respects with all terms and conditions of such Permits. None of Accuray or any Subsidiary has received any written notice from any Governmental Authority that any Permit has been or is being revoked, withdrawn, suspended or challenged or that such Governmental Authority is conducting an investigation or review thereof or has issued any order or recommendation stating that the development, testing and/or manufacturing of such Product should cease or that such Product should be withdrawn from the marketplace.

(d) There have been no adverse clinical test results which have or could reasonably be expected to have a materially adverse impact on Accuray or any of its Subsidiaries, and there have been no Product recalls or voluntary Product withdrawals from any market (other than specific and discrete batches or lots not made in conjunction with a larger recall).

(e) Neither Accuray nor any of its Subsidiaries have experienced any significant failures in its manufacturing of any Product such that the amount of such Product successfully manufactured by Accuray or any of its Subsidiaries in accordance with all specifications thereof and the required payments related thereto in any twelve (12) month period have decreased by more than twenty percent (20%) with respect to the quantities of such Product produced in the prior twelve (12) month period.

(f) There has been no material untrue statement of fact and no fraudulent statement made by Accuray or any of its Subsidiaries or any of their respective agents or representatives to the FDA, NRC, or any other Governmental Authority, and there has been no failure to disclose any material fact required to be disclosed to the FDA, NRC or any other Governmental Authority.

(g) To the best knowledge of the Credit Parties, no insurance company, managed care organization or Governmental Authority has (i) terminated coverage or reimbursement for procedures and treatments performed using the CyberKnife and TomoTherapy Products, or (ii) reduced the scope of coverage or the rate of reimbursement it provides for procedures and treatments performed using the CyberKnife and TomoTherapy Products, and, in the case of this clause (ii), such reduction could reasonably be expected to have a materially adverse impact on the revenues of Accuray and its Subsidiaries. None of Accuray or any of its Subsidiaries has been the subject of any "for cause" inspection, investigation or audit by any Governmental Authority in connection with any alleged improper activity.

(h) There is no arrangement relating to Accuray or any of its Subsidiaries providing for any rebates, kickbacks or other forms of compensation or remuneration that are unlawful to be paid to any Person to induce, or in return for obtaining or the referral of business

or for the arrangement for recommendation of such referrals. All billings by Accuray and each of its Subsidiaries for its services have been true and correct in all material respects and are in compliance in all material respects with all applicable Law, including the Healthcare Laws.

(i) None of Accuray or any of its Subsidiaries, or, to the knowledge of the Credit Parties, any individual who is an officer, director, employee or manager of Accuray or any of its Subsidiaries has been convicted of, charged with or, to the knowledge of the Credit Parties, investigated for any federal or state health program-related offense or been excluded or suspended from participation in any such program; or, to the knowledge of the Credit Parties, within the past five (5) years, has been convicted of, charged with or, to the knowledge of the Credit Parties, investigated for a violation of any Law related to fraud, theft, embezzlement, breach of fiduciary responsibility, financial misconduct, obstruction of an investigation or controlled substances, or has been subject to any judgment, stipulation, order or decree of, or criminal or civil fine or penalty imposed by, any Governmental Authority related to fraud, theft, embezzlement, breach of fiduciary responsibility, financial misconduct, obstruction of an investigation or controlled substances. None of Accuray or any of its Subsidiaries or, to the knowledge of the Credit Parties, any individual who is an officer, director, employee or manager of Accuray or any of its Subsidiaries has been convicted of any crime or engaged in any conduct including but not limited to any misrepresentation to any Governmental Authority or that has otherwise resulted or would reasonably be expected to result in a debarment or exclusion (i) under 21 U.S.C. Section 335a, or (ii) any similar applicable Law. No debarment proceedings or investigations in respect of the business of Accuray or any of its Subsidiaries are pending or, to the knowledge of the Credit Parties, threatened against Accuray or any of its Subsidiaries or any individual who is an officer, director, employee or manager of Accuray or any of its Subsidiaries.

(j) All studies, tests and preclinical and clinical trials conducted relating to the Products, sponsored by Accuray or any of its Subsidiaries have been conducted, and are currently being conducted, in all material respects in accordance with all applicable Law and IDEs, including procedures and controls pursuant to, where applicable, current good clinical practices and current good laboratory practices and other applicable laws, rules regulations. To the extent required by applicable Law, Accuray and each of its Subsidiaries has obtained all necessary authorizations from Governmental Authorities and IECs, including an IDE for the conduct of any clinical investigations conducted by or on behalf of Accuray or such Subsidiary, as applicable.

(k) To the knowledge of the Credit Parties, none of the clinical investigators in any clinical trial sponsored by Accuray or any of its Subsidiaries has been or is disqualified or otherwise sanctioned by the FDA, the Department of Health and Human Services, or any Governmental Authority and, to the knowledge of the Credit Parties, no such disqualification, or other sanction of any such clinical investigator is pending or threatened. None of Accuray or any of its Subsidiaries has received from the FDA or other applicable Governmental Authority any notices or correspondence requiring or threatening the termination, suspension, material modification or clinical hold of any studies, tests or clinical trials with respect to or in connection with the Products.

ARTICLE 4 - AFFIRMATIVE COVENANTS

Each Borrower agrees that, so long as any Credit Exposure exists:

Section 4.1 Financial Statements and Other Reports. Each Borrower will deliver to Agent: (a) as soon as available, but no later than forty-five (45) days after the last day of each fiscal quarter (beginning with the first full fiscal quarter ending after the Closing Date), a company prepared consolidated balance sheet, cash flow and income statement covering Borrowers' and its Consolidated Subsidiaries' consolidated operations during the period, prepared under GAAP, consistently applied, certified by a Responsible Officer and in a form acceptable to Agent; (b) together with the financial reporting package described in (a) above, evidence of payment and satisfaction of all payroll, withholding and similar Taxes due and owing by all Borrowers with respect to the payroll period(s) occurring during such month; (c) as soon as available, but no later than ninety (90) days after the last day of Borrower's fiscal year, audited consolidated financial statements prepared under GAAP, consistently applied, together with an opinion on the financial statements from Grant Thornton LLP or another independent certified public accounting firm acceptable to Agent in its reasonable discretion; *provided* that such opinion shall not contain a "going concern" or like qualification or exception or a qualification arising out of the scope of the audit (other than solely with respect to, or resulting solely from (i) an upcoming maturity date under this Agreement or other Permitted Debt occurring within one year from the time such report is delivered or (ii) any potential inability to satisfy any financial maintenance covenant on a future date or in a future period); (d) within five (5) days of delivery or filing thereof, copies of all statements, reports and notices made available to Borrower's security holders or to any holders of Subordinated Debt and copies of all reports and other filings made by Borrower with any stock exchange on which any securities of any Borrower are traded and/or the SEC; (e) a prompt written report of any legal actions pending or threatened in writing against any Borrower or any of its Subsidiaries that could reasonably be expected to result in a Material Adverse Effect; and (f) budgets, sales projections, operating plans and other financial information and information, reports or statements regarding Borrowers, their business and the Collateral as Agent may from time to time reasonably request (unless the disclosure of such information would require the forfeiture by such Credit Party or Subsidiary of attorney client privilege with respect to such document; *provided*, *however*, that such Credit Party or Subsidiary shall take all actions reasonably requested by Agent to allow access to such document without otherwise forfeiting such privilege). If Accuray publicly files with the SEC reports on Form 10-K or Form 10-Q for the applicable periods or any other periodic reports containing the information required by clauses (a), (c) and (d) above, Accuray shall be deemed to satisfy such requirements by such filing. Each Borrower will, within forty-five (45) days after the last day of each fiscal quarter, deliver to Agent with the quarterly financial statements described in clause (a) above, a duly completed Compliance Certificate signed by a Responsible Officer setting forth calculations showing compliance with the financial covenant set forth in this Agreement. Promptly upon their becoming available, Borrowers shall deliver to Agent copies of all Material Contracts. Each Borrower will, within twenty (20) days after the last day of each month, deliver to Agent a duly completed Borrowing Base Certificate signed by a Responsible Officer, with aged listings of accounts receivable and accounts payable (by invoice date). Borrowers shall, every ninety (90) days on a schedule to be designated by Agent, and at such other times as Agent shall request, deliver to Agent a schedule of Eligible Accounts denoting, for the thirty (30) largest Account Debtors during such quarter, such Account

Debtor's credit rating(s), if any, as rated by A.M. Best Company, Standard & Poor's Corporation, Moody's Investors Service, Inc., FITCH, Inc. or other applicable rating agent.

Section 4.2 Payment and Performance of Obligations. Each Borrower (a) will pay and discharge on a timely basis as and when due (after giving effect to any applicable grace periods), all of their respective obligations and liabilities, except for such obligations and/or liabilities (i) that may be the subject of a Permitted Contest, and (ii) the nonpayment or nondischarge of which could not reasonably be expected to have a Material Adverse Effect or result in a Lien against the Collateral, except for Permitted Liens, (b) without limiting anything contained in the foregoing clause (a) and unless subject to a Permitted Contest, will pay all amounts due and owing in respect of income and other material Taxes (including, without limitation, payroll and withholding tax liabilities) on a timely basis as and when due, and in any case prior to the date on which any fine, penalty, interest, late charge or loss may be added thereto for nonpayment thereof, (c) will maintain, and cause each Subsidiary to maintain, in accordance with GAAP, appropriate reserves for the accrual of all of their respective obligations and liabilities, and (d) will not breach, or permit to exist any default under, the terms of any lease, commitment, contract, instrument or obligation to which it is a party, or by which its properties or assets are bound, except for such breaches or defaults which could not reasonably be expected to have a Material Adverse Effect. For purposes of this Section 4.2, any federal, state, local or foreign tax, assessment, deposit or contribution, and any return with respect thereto, shall not be considered "material" only if and to the extent that the amount of such tax, assessment, deposit or contribution, when added to all other outstanding taxes, assessments, deposits or contributions, is equal to or less than $1,000,000 in the aggregate at any time

Section 4.3 Maintenance of Existence. Unless otherwise permitted under Section 5.6, each Borrower will preserve, renew and keep in full force and effect (a) their respective existence and good standing and (b) their respective rights, privileges and franchises necessary or desirable in the normal conduct of business except, in the case of this clause (b), where a failure to do so could not reasonably be expected to result in a Material Adverse Effect.

Section 4.4 Maintenance of Property; Insurance.

(a) Each Borrower will keep all material tangible property useful and necessary in its business in good working order and condition, ordinary wear and tear excepted, except to the extent the failure to do so could not reasonably be expected to have a Material Adverse Effect. If all or any part of the Collateral useful or necessary in its business, or upon which any Borrowing Base is calculated, becomes damaged or destroyed, each Borrower will promptly and completely repair and/or restore the affected Collateral in a good and workmanlike manner, regardless of whether Agent agrees to disburse insurance proceeds or other sums to pay costs of the work of repair or reconstruction, except, solely in the case of Collateral that is not part of the Borrowing Base, to the extent the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(b) Upon completion of any Permitted Contest, Borrowers shall promptly pay the amount due, if any, and deliver to Agent proof of the completion of the contest and payment of the amount due, if any, following which Agent shall return the security, if any, deposited with Agent pursuant to the definition of Permitted Contest.

(c) Each Borrower will maintain (i) casualty insurance on all real and personal property on an all risks basis (including the perils of flood (if applicable), windstorm and quake), covering the repair and replacement cost of all such property and coverage, business interruption and rent loss coverages with extended period of indemnity (for the period required by Agent from time to time) and indemnity for extra expense, in each case without application of coinsurance and with agreed amount endorsements, (ii) general and professional liability insurance (including products and completed operations liability coverage), and (iii) such other insurance coverage in each case against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons (in the reasonable judgment of Borrower Representative); *provided*, *however*, that, in no event shall such insurance be in amounts or with coverage less than, or with carriers with qualifications inferior to, any of the insurance or carriers in existence as of the Closing Date (or required to be in existence after the Closing Date under a Financing Document). All such insurance shall be provided by insurers having an A.M. Best policyholders rating reasonably acceptable to Agent.

(d) On or prior to the Closing Date, and at all times thereafter, each Borrower will cause Agent to be named as (x) an additional insured in the case of each liability policy and (y) lender loss payee (which shall include, as applicable, identification as mortgagee), in the case of each casualty or property insurance policy (except for workers' compensation and employer's liability insurance policies) required to be maintained pursuant to this Section 4.4 pursuant to endorsements or policy form in form and substance reasonably acceptable to Agent. Borrowers shall deliver to Agent and Lenders (i) a certificate from Borrowers' insurance broker and/or insurance carrier dated such date showing the amount of coverage as of such date, and that such policies will include effective waivers (whether under the terms of any such policy or otherwise) by the insurer of all claims for insurance premiums against all loss payees and/or additional insureds (as applicable) and all rights of subrogation against all loss payees and/or additional insureds (as applicable), and that if all or any part of such policy is canceled, terminated or expires, the insurer will forthwith give notice thereof to each additional insured, assignee and loss payee (as applicable) and that no cancellation, reduction in amount or material change in coverage thereof shall be effective until at least thirty (30) days after receipt by each additional insured, assignee and loss payee of written notice thereof, (ii) on an annual basis, and upon the reasonable request of any Lender through Agent from time to time full information as to the insurance carried, (iii) within five (5) days of receipt of notice from any insurer (or such longer period as Agent may agree in its reasonable discretion), a copy of any notice of cancellation or nonrenewal in coverage from that existing on the date of this Agreement, (iv) forthwith, notice of any cancellation or nonrenewal of coverage by any Borrower, and (v) at least ten (10) days (or such shorter period as Agent may agree in its reasonable discretion) prior to expiration of any policy of insurance, evidence of renewal of such insurance upon the terms and conditions herein required.

(e) In the event any Borrower fails to provide Agent with evidence of the insurance coverage required by this Agreement within five (5) Business Days of Agent's written request therefor (unless an Event of Default has occurred and is continuing, in which case no such waiting period shall apply), Agent may purchase insurance at Borrowers' expense to protect Agent's interests in the Collateral. This insurance may, but need not, protect such Borrower's interests. The coverage purchased by Agent may not pay any claim made by such Borrower or

any claim that is made against such Borrower in connection with the Collateral. Such Borrower may later cancel any insurance purchased by Agent, but only after providing Agent with evidence that such Borrower has obtained insurance as required by this Agreement. If Agent purchases insurance for the Collateral, Borrowers will be responsible for the costs of that insurance to the fullest extent provided by law, including interest and other charges imposed by

Agent in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance may be added to the Obligations. The costs of the insurance may be more than the cost of insurance such Borrower is able to obtain on its own.

Section 4.5 Compliance with Laws and Material Contracts. Each Borrower will comply with the requirements of all applicable Laws and Material Contracts, except to the extent that failure to so comply could not reasonably be expected to (a) have a Material Adverse Effect, or (b) result in any Lien upon either (i) a material portion of the assets of any such Person in favor of any Governmental Authority, or (ii) any Collateral which is part of the Borrowing Base.

Section 4.6 Inspection of Property, Books and Records. Each Borrower will keep proper books of record substantially in accordance with GAAP in which full, true and correct entries shall be made of all dealings and transactions in relation to its business and activities; and will permit at the sole cost of the applicable Borrower or any applicable Subsidiary, representatives of Agent and of any Lender to visit and inspect any of their respective properties (subject to the terms of the applicable lease), to examine and make abstracts or copies from any of their respective books and records, to conduct a collateral audit and analysis of their respective operations and the Collateral, to verify the amount and age of the Accounts, the identity and credit of the respective Account Debtors, to review the billing practices of Borrowers and to discuss their respective affairs, finances and accounts with their respective officers, employees and independent public accountants as often as may reasonably be desired. Except to the extent a Default or an Event of Default exists at the time any such inspection begins, (a) Agent or any Lender exercising any rights pursuant to this Section 4.6 shall give the applicable Borrower at least two (2) Business Days' notice of such exercise, (b) such rights may be exercised only during reasonable business hours and (c) Borrowers shall be responsible for the costs and expenses of only two (2) inspections pursuant to this Section 4.6 each calendar year. No notice shall be required during the existence and continuance of any Default. Unless a Default or an Event of Default has occurred and is continuing, Agent shall give Borrowers the opportunity to participate in any discussions with Borrowers' independent public accountants. Notwithstanding anything to the contrary contained herein, in no event shall any Borrower be required to disclose trade secrets (other than financial trade secrets) or documents that would violate attorney-client privilege, in each case, to the extent such Borrower has been advised by counsel that such information constitutes trade secrets or that such disclosure would violate attorney-client privilege.

Section 4.7 Use of Proceeds. Borrowers shall use the proceeds of Revolving Loans solely for (a) transaction fees incurred in connection with the Financing Documents and the refinancing on the Closing Date of Debt, and (b) for working capital needs of Borrowers. No portion of the proceeds of the Loans will be used for family, personal, agricultural or household use nor as prohibited under Section 5.16.

Section 4.8 Reserved.

Section 4.9 Notices of Litigation and Defaults. Borrowers will give prompt written notice to Agent (a) of any litigation or governmental proceedings pending or threatened (in writing) against Borrowers or other Credit Party which would reasonably be expected to have a Material Adverse Effect with respect to Borrowers or any other Credit Party or which in any manner calls into question the validity or enforceability of any Financing Document, (b) upon any Borrower becoming aware of the existence of any Default or Event of Default, (c) if any Credit Party is in breach or default under or with respect to any Material Contract, or if any Credit Party is in breach or default under or with respect to any other contract, agreement, lease or other instrument to which it is a party or by which its property is bound or affected, which breach or default could reasonably be expected to have a Material Adverse Effect, (d) of any strikes or other labor disputes pending or, to any Borrower's knowledge, threatened against any Credit Party, (e) if, to the knowledge of the Credit Parties, there is any infringement by any other Person with respect to any Intellectual Property rights of any Credit Party that could reasonably be expected to result in a Material Adverse Effect, or if, to the knowledge of the Credit Parties, there is any claim by any other Person that any Credit Party, in the conduct of its business, is infringing the Intellectual Property rights of such other Party that could reasonably be expected to result in a Material Adverse Effect, and (f) of all returns, recoveries, disputes and claims that involve more than $2,500,000. Borrowers represent and warrant that Schedule 4.9 sets forth a complete list of all matters existing as of the Closing Date for which notice could be required under this Section and all litigation or governmental proceedings pending or threatened (in writing) against Borrowers or other Credit Party as of the Closing Date.

Section 4.10 Hazardous Materials; Remediation. If any release or disposal of Hazardous Materials that could reasonably be expected to have a Material Adverse Effect shall occur or shall have occurred on any real property owned or leased by a Borrower or any other assets of any Borrower or any other Credit Party, such Borrower will cause, or direct the applicable Credit Party to cause, the prompt containment and removal of such Hazardous Materials and the remediation of such real property or other assets to the extent required pursuant to Environmental Laws and Healthcare Laws. Without limiting the generality of the foregoing, each Borrower shall, and shall cause each other Credit Party to, comply with each Environmental Law and Healthcare Law requiring the performance at any real property by any Borrower or any other Credit Party of activities in response to the release or threatened release of Hazardous Materials that could reasonably be expected to have a Material Adverse Effect.

Section 4.11 Further Assurances.

(a) Each Borrower will, and will cause each Subsidiary (other than any such Subsidiary that is an Excluded Subsidiary) to, at its own cost and expense, promptly and duly take, execute, acknowledge and deliver all such further acts, documents and assurances as may from time to time be necessary or as Agent or the Required Lenders may from time to time reasonably request in order to carry out the intent and purposes of the Financing Documents and the transactions contemplated thereby, including all such actions to (i) establish, create, preserve, protect and perfect a first priority Lien (subject only to Permitted Liens) in favor of Agent for itself and for the benefit of Lenders on the Collateral (including Collateral acquired after the date hereof), and (ii) unless Agent shall agree otherwise in writing, cause all Subsidiaries of

Borrowers (other than Excluded Subsidiaries) to be jointly and severally obligated with the other Borrowers under all covenants and obligations under this Agreement, including the obligation to repay the Obligations. Without limiting the generality of the foregoing, Borrowers shall, at the time of the delivery of any Compliance Certificate disclosing the acquisition by an Credit Party of any registered Intellectual Property or application for the registration of Intellectual Property, deliver to Agent a duly completed and executed supplement to the applicable Credit Party's Patent Security Agreement or Trademark Security Agreement in the form of the respective Exhibit thereto. Notwithstanding anything herein to the contrary, unless and until an Event of Default occurs, no Credit Party shall be required, nor is the Agent authorized, to perfect the lien granted in any Intellectual Property in any jurisdiction other than the United States. For purposes of clarity, only after the occurrence of an Event of Default, Borrowers shall execute any documents reasonably requested by

Agent to establish, create, preserve, protect and perfect a first priority lien in favor of Agent in any Intellectual Property registered in a jurisdiction other than the United States.

(b) Upon receipt of an affidavit of an authorized representative of Agent or a Lender as to the loss, theft, destruction or mutilation of any Note or any other Financing Document which is not of public record, and, in the case of any such mutilation, upon surrender and cancellation of such Note or other applicable Financing Document, Borrowers will issue, in lieu thereof, a replacement Note or other applicable Financing Document, dated the date of such lost, stolen, destroyed or mutilated Note or other Financing Document in the same principal amount thereof and otherwise of like tenor; *provided* that each such affidavit shall contain customary indemnifications in favor of Borrower.

(c) Without limiting in any way the definition of "Eligible Inventory",

(i) Borrowers shall obtain, within ninety days after the Closing Date, a landlord, warehouseman, bailee or mortgagee letter, as applicable, from the landlord, warehouseman, bailee or mortgagee of the Elk Grove Village Premises, the Middleton Premises, the Madison Premises and the Chicago Premises; *provided*, that, for purposes of clarity, Eligible Inventory located at any of such premises shall be included in the Borrowing Base during the ninety (90) day period after the Closing Date so long as a Rent and Charges Reserve is in place with respect to each such location at all times during such period; *provided*, that if Borrowers are unable to obtain such an agreement for any Access Agreement Location described in this clause (i) within the applicable period of time, it shall not result in an Event of Default hereunder, rather, such Collateral shall not constitute Eligible Inventory for purposes of calculating the Borrowing Base;

(ii) Borrowers shall obtain from the applicable landlord, warehouseman, bailee or mortgagee a landlord, warehouseman, bailee or mortgagee, as applicable with respect to any location where any portion of the Collateral included in or proposed to be included in the Borrowing Base and not described in clause (i) above, with the exception of the Sunnyvale Premises, to the extent that the aggregate daily average value of all Collateral held at such location exceeds $1,500,000 over any thirty (30) day period (any such location, together with the Elk Grove Village Premises, the Middleton Premises, the Madison Premises and the Chicago Premises, collectively referred to as an "**Access Agreement Location**"), within ninety (90) days after any such

determination; *provided*, that if Borrowers are unable to obtain such an agreement for any Access Agreement Location described in this clause (ii) within the applicable period of time, it shall not result in an Event of Default hereunder, rather, such Collateral shall not constitute Eligible Inventory for purposes of calculating the Borrowing Base;

(iii) Borrowers shall use commercially reasonable efforts to obtain a landlord's agreement or mortgagee agreement, as applicable, from the lessor of each leased property or mortgagee of owned property with respect to any location where Inventory is stored in excess of $150,000 that is not an Access Agreement Location, and any business location where the books and records relating to such Collateral and/or software and equipment relating to such records or Collateral, is stored or located (unless such books and records are also located at another business location that is subject to landlord's or mortgagee agreement in favor of Agent), which agreement or letter, in each case of clauses (i), (ii) or (iii) shall be reasonably satisfactory in form and substance to Agent; *provided*, that if Borrowers are unable to obtain such an agreement for any location at which Inventory is stored as described in this clause (iii), it shall not result in an Event of Default hereunder, rather, such Collateral shall not constitute Eligible Inventory for purposes of calculating the Borrowing Base unless (A) Borrowers have identified such location to Agent and (B) a Rent and Charges Reserve is in place with respect to such location and *provided further* that Borrowers do not have to obtain such an agreement for the Sunnyvale Premises so long as a Rent and Charges Reserve is in place with respect to such location at all times; and

(iv) Borrowers shall timely and fully pay and perform its obligations under all leases and other agreements with respect to each leased location where any Collateral with an aggregate value in excess of $1,500,000, or any records related thereto, is or may be located unless a failure to perform would not give a third party who is a party to such lease a right to terminate such lease or agreement prior to the expiration thereof.

(d) Upon the formation or acquisition of a new Domestic Subsidiary (other than a FSHCO), Borrowers shall (i) pledge, have pledged or cause or have caused to be pledged to Agent pursuant to a pledge agreement in form and substance satisfactory to Agent, all of the outstanding shares of equity interests or other equity interests of such new Domestic Subsidiary owned directly or indirectly by any Borrower, along with undated stock or equivalent powers for such certificates, if any, executed in blank; (ii) unless Agent shall agree otherwise in writing, cause the new Domestic Subsidiary (other than an Excluded Subsidiary) to take such other actions (including entering into or joining any Security Documents) as are necessary or advisable in the reasonable opinion of Agent in order to grant Agent, acting on behalf of Lenders, a first priority Lien (subject to Permitted Liens) on all Material Real Property and personal property (in the case of the perfection of the Liens granted, subject to the Excluded Perfection Assets) of such Domestic Subsidiary in existence as of such date and in all after acquired property, which first priority Liens (subject to Permitted Liens) are required to be granted pursuant to this Agreement; (iii) unless Agent shall agree otherwise in writing, cause such new Domestic Subsidiary (other than an Excluded Subsidiary) to become a Borrower hereunder with joint and several liability for all obligations of Borrowers hereunder and under the other Financing Documents pursuant to a joinder agreement or other similar agreement in form and substance reasonably satisfactory to

Agent; and (iv) cause the new Domestic Subsidiary (other than an Excluded Subsidiary) to deliver certified copies of such Domestic Subsidiary's certificate or articles of incorporation, together with good standing certificates, by-laws (or other operating agreement or governing documents), resolutions of the Board of Directors or other governing body, approving and authorizing the execution and delivery of the Security Documents, incumbency certificates and to execute and/or deliver such other documents and legal opinions or to take such other actions as may be reasonably requested by Agent, in each case, in form and substance reasonably satisfactory to Agent (clauses (i) through (iv), collectively, the "**Joinder Requirements**").

(e) Upon the request of Agent, Borrowers shall pledge, have pledged or cause or have caused to be pledged to Agent pursuant to a pledge agreement in form and substance satisfactory to Agent, 65% of the outstanding shares of equity interests or other equity interests of any new Foreign Subsidiary or FSHCO owned directly by any Borrower and, subject to the Excluded Perfection Assets, undated stock or equivalent powers for such certificates, if any, executed in blank.

Section 4.12 Power of Attorney. Each of the authorized representatives of Agent is hereby irrevocably made, constituted and appointed the true and lawful attorney for Borrowers (without requiring any of them to act as such) with full power of substitution to do the following during the continuance of an Event of Default: (a) endorse the name of Borrowers upon any and all checks, drafts, money orders, and other instruments for the payment of money that are payable to Borrowers and constitute collections on Borrowers' Accounts; (b) so long as Agent has provided not less than three (3) Business Days' prior written notice to Borrower to perform the same and Borrower has failed to take such action, execute in the name of Borrowers any schedules, assignments, instruments, documents, and statements that Borrowers are obligated to give Agent under this Agreement; (c) take any action Borrowers are required to take under this Agreement; (d) so long as Agent has provided not less than three (3) Business Days' prior written notice to Borrower to perform the same and Borrower has failed to take such action, do such other and further acts and deeds in the name of Borrowers that Agent may deem necessary or desirable to enforce any Account or other Collateral or perfect Agent's security interest or Lien in any Collateral; and (e) do such other and further acts and deeds in the name of Borrowers that Agent may deem necessary or desirable to enforce its rights with regard to any Account or other Collateral. This power of attorney shall be irrevocable and coupled with an interest.

Section 4.13 Borrowing Base Collateral Administration.

(a) All data and other information relating to Accounts or other intangible Collateral shall at all times be kept by Borrowers, at their respective principal offices and shall not be moved from such locations without (i) providing prior written notice to Agent, and (ii) complying with Section 4.11(c), as applicable.

(b) Borrowers shall provide prompt written notice to each Person who either is currently an Account Debtor or becomes an Account Debtor at any time following the date of this Agreement that directs each Account Debtor to make payments into the Lockbox, and hereby authorizes Agent, upon Borrowers' failure to send such notices within ten (10) days after the date of this Agreement (or ten (10) days after the Person becomes an Account Debtor), to

send any and all similar notices to such Person. Agent reserves the right to notify Account Debtors that Agent has been granted a Lien upon all Accounts.

(c) Borrowers will conduct a physical count of the Inventory at least once per year and at such other times as Agent may reasonably request during the continuance of an Event of Default, and Borrowers shall provide to Agent a written accounting of such physical count in form and substance reasonably satisfactory to Agent. Each Borrower will use commercially reasonable efforts to at all times keep its Inventory in good and marketable condition. In addition to the foregoing, from time to time, Agent may require Borrowers to obtain and deliver to Agent appraisal reports in form and substance, and from appraisers, reasonably satisfactory to Agent stating the then current fair market values of all or any portion of the Collateral; *provided*, *however*, that, so long as no Event of Default has occurred and is continuing at the time such appraisal begins, Borrowers shall not be required to deliver more than one (1) appraisal report to Agent per fiscal year.

ARTICLE 5 - NEGATIVE COVENANTS

Each Borrower agrees that, so long as any Credit Exposure exists:

Section 5.1 Debt; Contingent Obligations. No Borrower will directly or indirectly, create, incur, assume, guarantee or otherwise become or remain directly or indirectly liable with respect to, any Debt, except for Permitted Debt. No Borrower will directly or indirectly, create, assume, incur or suffer to exist any Contingent Obligations, except for Permitted Contingent Obligations. No Borrower will permit any Excluded Subsidiary to, directly or indirectly, create, incur, assume, guarantee or otherwise become or remain directly or indirectly liable with respect to, Debt describe in clauses (a) or (b) of the definition thereof in an aggregate principal amount not to exceed $2,500,000 (excluding the principal amount of any Permitted Intercompany Investments made to such Excluded Subsidiaries) at any one time outstanding, it being understood that any Debt existing as of the Closing Date and set forth on Schedule 5.1 (and any Permitted Refinancing Debt in respect thereof) shall be permitted and not count against such $2,500,000 basket.

Section 5.2 Liens. No Borrower will directly or indirectly, create, assume or suffer to exist any Lien on any asset now owned or hereafter acquired by it, except for Permitted Liens.

Section 5.3 Distributions. No Borrower will, directly or indirectly, declare, order, pay, make or set apart any sum for any Distribution, except for Permitted Distributions.

Section 5.4 Restrictive Agreements. No Borrower will, or will permit any Subsidiary to, directly or indirectly (a) enter into or assume any agreement (other than the Financing Documents and any agreements for purchase money debt permitted under clause (c) of the definition of Permitted Debt) prohibiting the creation or assumption of any Lien upon its properties or assets, whether now owned or hereafter acquired, or (b) create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction of any kind (except as provided by the Financing Documents) on the ability of any Subsidiary to: (i) pay or make Distributions to any Borrower; (ii) pay any Debt owed to any Borrower; (iii) make loans or advances to any Borrower; or (iv) transfer any of its property or assets to any Borrower, other

than (1) the Financing Documents, (2) an encumbrance or restriction consisting of customary non-assignment provisions in leases or licenses entered into in the Ordinary Course of Business, (3) customary provisions in joint venture agreement and other similar agreements that restrict the transfer of ownership interests in such joint ventures or provisions limiting the disposition or distribution of assets or property (other than dividends on a pro rata basis based on ownership percentage) of the applicable joint venture, which limitation is applicable only to the assets that are the subject of such agreements; provided that such agreement was not entered into in contravention of the terms of the Financing Documents, (4) limitations set forth in Subordinated Debt (if acceptable to Agent in its sole discretion) and (5) limitations set forth in the 2018 Convertible Notes on the Closing Date and in any other Convertible Notes Debt (if, in the case of other Convertible Notes Debt, such limitations are permitted in the definition of "Permitted Refinancing Debt" or are otherwise acceptable to Agent in its sole discretion).

Section 5.5 Payments and Modifications of Subordinated Debt. No Borrower will directly or indirectly (a) declare, pay, make or set aside any amount for payment in respect of Subordinated Debt, except for payments made in full compliance with and expressly permitted under the Subordination Agreement, (b) amend or otherwise modify the terms of any Subordinated Debt, except for amendments or modifications made in full compliance with the Subordination Agreement, (c) make any optional repurchase or optional redemption of the Convertible Notes, (d) amend or otherwise modify the terms of the Convertible Notes term if such change or amendment would materially increase the obligations of Borrowers or confer additional material rights on the holder of such Debt in a manner adverse to Credit Parties, any Subsidiaries, Agent or Lenders, except, in any case, for modifications or amendments constituting Permitted Refinancing Debt. Borrowers shall, prior to entering into any such amendment or modification, deliver to Agent reasonably in advance of the execution thereof, any final or execution form copy thereof. Notwithstanding anything to the contrary set forth in this Section 5.5 or otherwise in this Agreement, the Borrowers may (A) refund, refinance, replace or exchange any Convertible Notes Debt with Permitted Refinancing Debt; (B) repay any Convertible Notes Debt by making payment in Equity Interests that are not Disqualified Equity Interests upon the conversion thereof (and making cash payments on account of fractional shares in connection with such conversion to the extent constituting a Permitted Distribution); (C) on the stated maturity thereof, repay the 2018 Convertible Notes in cash using Qualified Cash described in the definition of "Liquidity Condition"; and (D) pay, when due, interest, fees and reimbursable indemnities and expenses payable in respect of any Convertible Notes Debt.

Section 5.6 Consolidations, Mergers and Sales of Assets; Change in Control. No Borrower will directly or indirectly (a) consolidate or merge or amalgamate with or into any other Person other than consolidations or mergers among Borrowers where a Borrower is the surviving entity (provided that, in the case of any consolidation or merger involving Accuray, Accuray shall be the surviving entity), or (b) consummate any Asset Dispositions other than Permitted Asset Dispositions. No Borrower will suffer or permit to occur any Change in Control.

Section 5.7 Purchase of Assets, Investments. No Borrower will directly or indirectly (a) engage or enter into any agreement to engage in any joint venture or partnership with any other Person or (b) acquire or own or enter into any agreement to acquire or own any Investment in any Person, in each case, other than Permitted Investments.

Section 5.8 Transactions with Affiliates. Except (a) as otherwise disclosed on Schedule 5.8, (b) for transactions that contain terms that are no less favorable to the applicable Borrower, as the case may be, than those which might be obtained from a third party not an Affiliate of any Credit Party, (c) for Permitted Investments, Permitted Asset Sales and Permitted Distributions, (d) for sales of equity interests in Borrower Representative to Affiliates of Borrower Representative not otherwise prohibited by the Financing Documents and the granting of registration and other customary rights in connection therewith and (e) for the payment of reasonable and customary director and officer compensation (including bonuses and stock option programs), benefits and indemnification arrangements in the Ordinary Course of Business, in each case approved by the board of directors (or a committee thereof) of such Borrower, no Borrower will directly or indirectly, enter into or permit to exist any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of any Borrower.

Section 5.9 Modification of Organizational Documents. No Borrower will directly or indirectly, amend or otherwise modify any Organizational Documents of such Person, except for Permitted Modifications.

Section 5.10 Modification of Certain Agreements. No Borrower will amend or otherwise modify any Material Contract, which amendment or modification in any case: (a) is contrary to the terms of this Agreement or any other Financing Document; (b) could reasonably be expected to be materially adverse to the rights, interests or privileges of Agent or Lenders or their ability to enforce the same; (c) results in the imposition or expansion in any material respect of any obligation of or restriction or burden on any Borrower; or (d) reduces in any material respect any rights or benefits of any Borrower (it being understood and agreed that any such determination shall be in the discretion of Agent). Each Borrower shall, prior to entering into any amendment or other modification of any of the foregoing documents, deliver to Agent reasonably in advance of the execution thereof, any final or execution form copy of amendments or other modifications to such documents, and such Borrower agrees not to take any such action with respect to any such documents without obtaining such approval from Agent.

Section 5.11 Conduct of Business. No Borrower will directly or indirectly, engage in any line of business other than those businesses engaged in on the Closing Date and businesses reasonably related thereto. No Borrower will, other than in the Ordinary Course of Business, change its normal billing payment and reimbursement policies and procedures with respect to its Accounts (including, without limitation, the amount and timing of finance charges, fees and write-offs).

Section 5.12 Reserved.

Section 5.13 Limitation on Sale and Leaseback Transactions. No Borrower will, directly or indirectly, enter into any arrangement with any Person whereby, in a substantially contemporaneous transaction, any Borrower sells or transfers all or substantially all of its right, title and interest in an asset and, in connection therewith, acquires or leases back the right to use such asset.

Section 5.14 Deposit Accounts and Securities Accounts; Payroll and Benefits Accounts. No Borrower will, directly or indirectly, establish any new Deposit Account or Securities Account unless Agent, such Borrower and the bank, financial institution or securities intermediary at which the account is to be opened enter into a Deposit Account Control Agreement or Securities Account Control Agreement prior to or concurrently with the establishment of such Deposit Account or Securities Account. Borrowers represent and warrant that Schedule 5.14 lists all of the Deposit Accounts and Securities Accounts of each Borrower. The provisions of this Section requiring Deposit Account Control Agreements shall not apply to Excluded Accounts; *provided*, *however*, that at all times that any Obligations remain outstanding, Borrower shall maintain one or more separate Deposit Accounts to hold any and all amounts to be used for payroll, payroll taxes and other employee wage and benefit payments (including 401(k) contributions), and shall not commingle any monies allocated for such purposes with funds in any other Deposit Account.

Section 5.15 Compliance with Anti-Terrorism Laws. Agent hereby notifies Borrowers that pursuant to the requirements of Anti-Terrorism Laws, and Agent's policies and practices, Agent is required to obtain, verify and record certain information and documentation that identifies Borrowers and its principals, which information includes the name and address of each Borrower and its principals and such other information that will allow Agent to identify such party in accordance with Anti-Terrorism Laws. No Borrower will, directly or indirectly, knowingly enter into any Material Contracts with any

Blocked Person. Each Borrower shall immediately notify Agent if such Borrower has knowledge that any Borrower, any additional Credit Party or any of their respective Affiliates or agents acting or benefiting in any capacity in connection with the transactions contemplated by this Agreement is or becomes a Blocked Person or (a) is convicted on, (b) pleads nolo contendere to, (c) is indicted on, or (d) is arraigned and held over on charges involving money laundering or predicate crimes to money laundering. No Borrower will, or will permit any Subsidiary to, directly or indirectly, (i) conduct any business or engage in any transaction or dealing with any Blocked Person, including, without limitation, the making or receiving of any contribution of funds, goods or services to or for the benefit of any Blocked Person, except in compliance with applicable Law, (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224, any similar executive order or other Anti-Terrorism Law, or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in Executive Order No. 13224 or other Anti-Terrorism Law.

Section 5.16 Transfers to Subsidiaries. No Borrower shall assign or otherwise transfer any Collateral or any proceeds of the Loans to any Excluded Subsidiary except that a Borrower may transfer proceeds of Collateral to an Excluded Subsidiary in connection with Permitted Intercompany Investments.

Section 5.17 Limitations on Morphormics, Inc. No Borrower shall permit Morphormics, Inc. to, directly or indirectly, (a) enter into or permit to exist any transaction or agreement (including any agreement for the incurrence or assumption of Debt), between itself and any other Person, (b) engage in any business or conduct any activity (including the making of any Investment or payment) or transfer any of its assets and the performance of ministerial or administrative activities and payment of taxes and administrative fees necessary for the

maintenance of its existence, (c) consolidate or merge with or into any other Person, or (d) create or suffer to exist any Lien upon any property or assets now owned or hereafter acquired.

ARTICLE 6 - FINANCIAL COVENANTS

Section 6.1 Additional Defined Terms. The following additional definitions are hereby appended to Section 1.1 of this Agreement:

"**Defined Period**" means, for purposes of calculating the Fixed Charge Coverage Ratio the twelve (12) month period ending on the last day of each fiscal quarter.

"**Fixed Charge Coverage Ratio**" means the ratio of Operating Cash Flow (as defined in the Compliance Certificate) to Fixed Charges (as defined in the Compliance Certificate) for each Defined Period.

Section 6.2 Fixed Charge Coverage Ratio. Borrowers will not permit the Fixed Charge Coverage Ratio for any Defined Period, as tested quarterly (as of the last day of such fiscal quarter), beginning with the first full fiscal quarter ending after the Closing Date, to be less than (a) in the case of the fiscal quarter ending September 30, 2017, 0.70 to 1.00, (b) in the case of the fiscal quarter ending December 31, 2017, 0.80 to 1.00 and (c) for each fiscal quarter thereafter, 1.00 to 1.00.

Section 6.3 Evidence of Compliance. Borrowers shall furnish to Agent, together with the financial reporting required of Borrowers in Section 4.1 hereof, a Compliance Certificate as evidence of Borrowers' compliance with the covenants in this Article and evidence that no Event of Default specified in this Article has occurred. The Compliance Certificate shall include, without limitation, (a) a statement and report, on a form approved by Agent, detailing Borrowers' calculations, and (b) if requested by Agent, back-up documentation (including, without limitation, invoices, receipts and other evidence of costs incurred during such quarter as Agent shall reasonably require) evidencing the propriety of the calculations.

ARTICLE 7 - CONDITIONS

Section 7.1 Conditions to Closing. The obligation of each Lender to make the initial Loans, of Agent to issue any Support Agreements on the Closing Date and of any LC Issuer to issue any Lender Letter of Credit on the Closing Date shall be subject to the receipt by Agent of each agreement, document and instrument set forth on the closing checklist prepared by Agent or its counsel, each in form and substance satisfactory to Agent, and to the satisfaction of the following conditions precedent, each to the satisfaction of Agent and Lenders and their respective counsel in their sole discretion:

(a) the payment of all fees, expenses and other amounts due and payable under each Financing Document on the Closing Date;

(b) since June 30, 2016, the absence of any Material Adverse Effect; and

(c) the receipt of the initial Borrowing Base Certificate, prepared as of the Closing Date.

Each Lender, by delivering its signature page to this Agreement, shall be deemed to have acknowledged receipt of, and consented to and approved, each Financing Document, each additional Operative Document and each other document, agreement and/or instrument required to be approved by Agent, Required Lenders or Lenders, as applicable, on the Closing Date.

Section 7.2 Conditions to Each Loan, Support Agreement and Lender Letter of Credit. The obligation of Lenders to make a Loan (other than Revolving Loans made pursuant to Section 2.5(c)) or an advance in respect of any Loan, of Agent to issue any Support Agreement or of any LC Issuer to issue any Lender Letter of Credit (including on the Closing Date) is subject to the satisfaction of the following additional conditions:

(a) in the case of a borrowing of a Revolving Loan, receipt by Agent of a Notice of Borrowing (or telephonic notice if permitted by this Agreement) and updated Borrowing Base Certificate, in the case of any Support Agreement or Lender Letter of Credit, receipt by Agent of a Notice of LC Credit Event in accordance with Section 2.5(a);

(b) the fact that, immediately after such borrowing and after application of the proceeds thereof or after such issuance, the Revolving Loan Outstandings will not exceed the Revolving Loan Limit;

(c) the fact that, immediately before and after such advance or issuance, no Default or Event of Default shall have occurred and be continuing;

(d) the fact that the representations and warranties of each Credit Party contained in the Financing Documents shall be true, correct and complete in all material respects (or, if such representation or warranty is, by its terms, qualified by materiality, in all respects) on and as of the date of such borrowing or issuance, except to the extent that any such representation or warranty relates to a specific date in which case such representation or warranty shall be true, correct and complete in all material respects (or, if such representation or warranty is, by its terms, qualified by materiality, in all respects) as of such earlier date; and

(e) the fact that no event having a Material Adverse Effect has not occurred since the date of this Agreement.

Each giving of a Notice of LC Credit Event hereunder, each giving of a Notice of Borrowing hereunder and each acceptance by any Borrower of the proceeds of any Loan made hereunder shall be deemed to be (y) a representation and warranty by each Borrower on the date of such notice or acceptance as to the facts specified in this Section, and (z) a restatement by each Borrower that each and every one of the representations made by it in any of the Financing Documents is true and correct as of such date (except to the extent that such representations and warranties expressly relate solely to an earlier date).

Section 7.3 Searches. Before the Closing Date, and thereafter (not more than once per year unless an Event of Default exists at the time such search is conducted), Agent shall have the right to perform, all at Borrowers' expense, the searches described in clauses (a), (b), and (c) below against Borrowers and any other Credit Party, the results of which are to be consistent with Borrowers' representations and warranties under this Agreement and the satisfactory results of which shall be a condition precedent to all advances of Loan proceeds, all issuances of Lender

Letters of Credit and all undertakings in respect of Support Agreements: (a) UCC searches with the Secretary of State of the jurisdiction in which the applicable Person is organized; (b) judgment, pending litigation, federal tax lien, personal property tax lien, and corporate and partnership tax lien searches, in each jurisdiction searched under clause (a) above; and (c) searches of applicable corporate, limited liability company, partnership and related records to confirm the continued existence, organization and good standing of the applicable Person and the exact legal name under which such Person is organized.

Section 7.4 Post-Closing Requirements. Borrowers shall complete each of the post-closing obligations and/or provide to Agent each of the documents, instruments, agreements and information listed on Schedule 7.4 attached hereto on or before the date set forth for each such item thereon, each of which shall be completed or provided in form and substance reasonably satisfactory to Agent, and may be extended by Agent (acting reasonably) in writing in its sole discretion.

ARTICLE 8 - RESERVED

ARTICLE 9 - SECURITY AGREEMENT

Section 9.1 Generally. As security for the payment and performance of the Obligations and without limiting any other grant of a Lien and security interest in any Security Document, Borrowers hereby assign, grant and pledge to Agent, for the benefit of itself and Lenders, a continuing Lien on and security interest in, upon, and to the Collateral.

Section 9.2 Representations and Warranties and Covenants Relating to Collateral.

(a) Schedule 9.2 sets forth (i) each chief executive office and principal place of business of each Borrower, and (ii) all of the addresses (including all warehouses) at which any Inventory or other Collateral, in each case with an aggregate value in excess of $500,000 is located and/or books and records of Borrowers regarding any Accounts, Inventory or any material portion of the Collateral are kept, which such Schedule 9.2 indicates in each case which Borrower(s) have Collateral and/or books and records located at such address, and, in the case of any such address not owned by one or more Borrowers(s), indicates the nature of such location (e.g., leased business location operated by Borrower(s), third party warehouse, consignment location, processor location, etc.) and the name and address of the third party owning and/or operating such location. Notwithstanding the foregoing, it is understood that, Borrowers may from time to time (1) sell or otherwise dispose of Collateral pursuant to the terms of this Agreement, (2) maintain de minimis amounts of Inventory with its sales personnel and at medical facilities and (3) send items of Collateral out for repair and, further, that from time to time certain items of Collateral will be in transit and that no such locations need be disclosed on Schedule 9.2.

(b) Without limiting the generality of Section 3.2, except for the filing of financing statements under the UCC and filings with the United States Patent and Trademark Office or the United States Copyright Office, as applicable, no authorization, approval or other action by, and no notice to or filing with, any Governmental Authority or consent of any other Person is required for (i) the grant by each Borrower to Agent of the security interests and Liens

in the Collateral provided for under this Agreement and the other Security Documents (if any), or (ii) the exercise by Agent of its rights and remedies with respect to the Collateral provided for under this Agreement and the other Security Documents or under any applicable Law, including the UCC and neither any such grant of Liens in favor of Agent or exercise of rights by Agent shall violate or cause a default under any agreement between any Borrower and any other Person relating to any such Collateral.

(c) As of the Closing Date, no Borrower has any ownership interest in any Chattel Paper (as defined in Article 9 of the UCC), letter of credit rights, commercial tort claims, Instruments (other than (i) checks and other ordinary course payment instruments, in each case in the Ordinary Course of Business and (ii) Excluded Perfection Assets), documents or investment property (other than equity interests in any Subsidiaries of such Borrower

disclosed on Schedule 3.4 or subsequently created hereunder and pledged to Agent) and Borrowers shall give notice to Agent promptly (but in any event not later than the delivery by Borrowers of the next Compliance Certificate required pursuant to Section 4.1 above) upon the acquisition by any Borrower of any such Chattel Paper, letter of credit rights, commercial tort claims, Instruments, documents, investment property. No Person other than Agent or (if applicable) any Lender has "control" (as defined in Article 9 of the UCC) over any Deposit Account, investment property (including Securities Accounts and commodities account), letter of credit rights or electronic chattel paper in which any Borrower has any interest (except for such control arising by operation of law in favor of any bank or securities intermediary or commodities intermediary with whom any Deposit Account, Securities Account or commodities account of Borrowers is maintained).

(d) Borrowers shall not, and shall not permit any Credit Party to, take any of the following actions or make any of the following changes unless Borrowers have given at least ten (10) days prior written notice to Agent (or such shorter period to which Agent may in its reasonable discretion agree) of Borrowers' intention to take any such action (which such written notice shall include an updated version of any Schedule impacted by such change) and have executed any and all documents, instruments and agreements and taken any other actions which Agent may reasonably request after receiving such written notice in order to protect and preserve the Liens, rights and remedies of Agent with respect to the Collateral; *provided that*, without limiting in any way the conditions set forth in the definition of "Eligible Inventory", nothing in this clause (d) shall require Borrowers to obtain any landlord's agreement or mortgagee agreement: (i) change the legal name or organizational identification number of any Borrower as it appears in official filings in the jurisdiction of its organization, (ii) change the jurisdiction of incorporation or formation of any Borrower or Credit Party or allow any Borrower or Credit Party to designate any jurisdiction as an additional jurisdiction of incorporation for such Borrower or Credit Party, or change the type of entity that it is, (iii) change its chief executive office, principal place of business, or the location of its records concerning the Collateral, (iv) move any Eligible Inventory or all or a material portion of any other Collateral (with an aggregate value in excess of $500,000) to, or place any Eligible Inventory or other Collateral (with an aggregate value in excess of $500,000) on, any location that is not then listed on the Schedules and/or (v) establish any business location at any location that is not then listed on the Schedules. Notwithstanding the foregoing, it is understood that, Borrowers may from time to time (1) sell or otherwise dispose of Collateral pursuant to the terms of this Agreement, (2) maintain de minimis amounts of Inventory with its sales personnel and at medical facilities and

(3) send items of Collateral out for repair and, further, that from time to time certain items of Collateral will be in transit and that no such locations need be disclosed on Schedule 9.2.

(e) Borrowers shall not adjust, settle or compromise the amount or payment of any Account, or release wholly or partly any Account Debtor, or allow any credit or discount thereon (other than adjustments, settlements, compromises, credits and discounts in the Ordinary Course of Business, and in amounts which are not material with respect to the Account and which, after giving effect thereto, do not cause the Borrowing Base to be less than the Revolving Loan Outstandings) without the prior written consent of Agent. Without limiting the generality of this Agreement or any other provisions of any of the Financing Documents relating to the rights of Agent after the occurrence and during the continuance of an Event of Default, Agent shall have the right at any time after the occurrence and during the continuance of an Event of Default to: (i) exercise the rights of Borrowers with respect to the obligation of any Account Debtor to make payment or otherwise render performance to Borrowers and with respect to any property that secures the obligations of any Account Debtor or any other Person obligated on the Collateral, and (ii) adjust, settle or compromise the amount or payment of such Accounts.

(f) Without limiting the generality of Sections 9.2(c) and 9.2(e):

(i) Borrowers shall deliver to Agent all tangible Chattel Paper and all Instruments constituting part of the Collateral (in each case, other than Excluded Perfection Assets) duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance reasonably satisfactory to Agent. Borrowers shall provide Agent with "control" (as defined in Article 9 of the UCC) of all electronic Chattel Paper owned by any Borrower and constituting part of the Collateral (other than Excluded Perfection Assets) by having Agent identified as the assignee on the records pertaining to the single authoritative copy thereof and otherwise complying with the applicable elements of control set forth in the UCC. Borrowers also shall deliver to Agent all security agreements securing any such Chattel Paper and securing any such Instruments. Borrowers will mark conspicuously all such Chattel Paper and all such Instruments with a legend, in form and substance satisfactory to Agent, indicating that such Chattel Paper and such Instruments are subject to the security interests and Liens in favor of Agent created pursuant to this Agreement and the Security Documents. Borrowers shall comply with all the provisions of Section 5.14 with respect to the Deposit Accounts and Securities Accounts of Borrowers.

(ii) Borrowers shall deliver to Agent all letters of credit on which any Borrower is the beneficiary and which give rise to letter of credit rights owned by such Borrower which constitute part of the Collateral (other than Excluded Perfection Assets) in each case duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance reasonably satisfactory to Agent. Borrowers shall take any and all actions as may be necessary or desirable, or that Agent may request, from time to time, to cause Agent to obtain exclusive "control" (as defined in Article 9 of the UCC) of any such letter of credit rights which constitute part of the Collateral in a manner reasonably acceptable to Agent.

(iii) Borrowers shall promptly advise Agent upon any Borrower becoming aware that it has any interests in any commercial tort claim that constitutes part of the Collateral (other than Excluded Perfection Assets), which such notice shall include descriptions of the events and circumstances giving rise to such commercial tort claim and the dates such events and circumstances occurred, the potential defendants with respect such commercial tort claim and any court proceedings that have been instituted with respect to such commercial tort claims, and Borrowers shall, with respect to any such commercial tort claim, execute and deliver to Agent such documents as Agent shall reasonably request to perfect, preserve or protect the Liens, rights and remedies of Agent with respect to any such commercial tort claim.

(iv) Except for Accounts and Inventory in an aggregate amount of $500,000, no Accounts or Inventory or other Collateral shall at any time be in the possession or control of any warehouse, consignee, bailee or any of Borrowers' agents or processors without prior written notice to Agent and (ii)(A) the receipt by Agent, if Agent has so requested, of warehouse receipts, consignment agreements or bailee lien waivers (as applicable) satisfactory to Agent or (B) establishment of a Rent and Charges Reserve, in either case, prior to the commencement of such possession or control. Borrowers shall, upon the request of Agent, notify any such warehouse, consignee, bailee, agent or processor of the security interests and Liens in favor of Agent created pursuant to this Agreement and the Security Documents, shall instruct such Person to hold all such Collateral for

Agent's account subject to Agent's instructions and use commercially reasonable efforts to obtain an acknowledgement from such Person that such Person holds the Collateral for Agent's benefit.

(v) Reserved.

(vi) Each Borrower hereby authorizes Agent to file without the signature of such Borrower one or more UCC financing statements relating to liens on personal property relating to all or any part of the Collateral, which financing statements may list Agent as the "secured party" and such Borrower as the "debtor" and which describe and indicate the items of Collateral covered thereby as all or any part of the Collateral under the Financing Documents (including an indication of the items of Collateral covered by any such financing statement as "all assets" of such Borrower now owned or hereafter acquired), in such jurisdictions as Agent from time to time reasonably determines are appropriate, and to file without the signature of such Borrower any continuations of or corrective amendments to any such financing statements, in any such case in order for Agent to perfect, preserve or protect the Liens, rights and remedies of Agent with respect to the Collateral. Each Borrower also ratifies its authorization for Agent to have filed in any jurisdiction any initial financing statements or amendments thereto if filed prior to the date hereof.

(vii) As of the Closing Date, no Borrower holds, and after the Closing Date Borrowers shall promptly notify Agent in writing upon creation or acquisition by any Borrower of, any Collateral which constitutes a claim against any Governmental Authority, including, without limitation, the federal government of the United States or any instrumentality or agency thereof, the assignment of which claim is restricted by any

applicable Law, including, without limitation, the federal Assignment of Claims Act and any other comparable Law. Upon the reasonable request of Agent, Borrowers shall take such steps as may be necessary or desirable, or that Agent may reasonably request, to comply with any such applicable Law.

(viii) Borrowers shall furnish to Agent from time to time any statements and schedules further identifying or describing the Collateral and any other information, reports or evidence concerning the Collateral as Agent may reasonably request from time to time.

(g) Notwithstanding anything in this Agreement to the contrary, other than the filing of a UCC-1 financing statement, no actions shall be required to perfect the security interest granted hereunder in (i) Letter-of-Credit Rights to the extent the aggregate face amount of all such Letter-of-Credit Rights is less than $100,000, (ii) motor vehicles and other assets subject to certificates of title to the extent the aggregate value of all such motor vehicles and other assets is less than $500,000 (other than to the extent (x) a security interest thereon can be perfected by the filing of a financing statement under the UCC and (y) an Event of Default has occurred and Agent has elected to require, by written notice to Borrowers, that Borrowers take all such steps necessary to perfect a lien in favor of Agent, for the benefit of Lenders, in such motor vehicles and other assets subject to certificates of title), (iii) Excluded Accounts, (iv) any assets located outside of the United States if the perfection of the security interest therein would require any Borrower to complete any filings or take any other action with respect thereto in any jurisdiction outside of the United States or any political subdivision thereof (including, for the avoidance of doubt, delivery of foreign equity certificates) unless an Event of Default has occurred and Agent has elected to require, by written notice to Borrowers, that Borrowers take all such steps necessary to perfect a lien in favor of Agent, for the benefit of Lenders, in such assets, (v) any commercial tort claims where the amount of damages claimed by the applicable Borrower is less than $100,000 in the aggregate for all such commercial tort claims, (vi) any electronic chattel paper with an aggregate value in excess of $100,000, and (vii) any asset with respect to which Agent has determined that the cost, burden, difficulty or consequence of perfecting a security interest therein outweighs the benefits afforded thereby (such assets described in clauses (i) through (vii) above, the "**Excluded Perfection Assets**").

ARTICLE 10 - EVENTS OF DEFAULT

Section 10.1 Events of Default. For purposes of the Financing Documents, the occurrence of any of the following conditions and/or events, whether voluntary or involuntary, by operation of law or otherwise, shall constitute an "**Event of Default**":

(a) (i) any Borrower shall fail to pay when due any principal, interest, premium or fee under any Financing Document or any other amount payable under any Financing Document, (ii) any Borrower defaults in the performance of or compliance with any of the following sections of this Agreement: Section 2.11, Section 4.2(b), Section 4.4(c), Section 4.6 and Article 5, or (iii) any Borrower defaults in the performance of or compliance with Section 4.1 and/or Article 6 (subject to the provisions of Section 10.11) of this Agreement and Borrower Representative has received written notice from Agent or Required Lenders of such default;

(b) any Credit Party defaults in the performance of or compliance with any term contained in this Agreement or in any other Financing Document (other than occurrences described in other provisions of this Section 10.1 for which a different grace or cure period is specified or for which no grace or cure period is specified and thereby constitute immediate Events of Default) and such default is not remedied by the Credit Party or waived by Agent within thirty (30) days after the earlier of (i) receipt by Borrower Representative of notice from Agent or Required Lenders of such default, or (ii) actual knowledge of any Borrower or any other Credit Party of such default;

(c) any representation, warranty, certification or statement made by any Credit Party or any other Person in any Financing Document or in any certificate, financial statement or other document delivered pursuant to any Financing Document is incorrect in any respect (or in any material respect if such representation, warranty, certification or statement is not by its terms already qualified as to materiality) when made (or deemed made) (subject, in the case of projections, other forward-looking information and industry information, to the limitations set forth in Section 3.21 hereof);

(d) failure of any Credit Party to pay when due or within any applicable grace period any principal, interest or other amount on Debt (other than the Loans), or the occurrence of any breach, default, condition or event (in each case, other than conversion of, or rights to convert, any Convertible Notes Debt in accordance with its terms so long as such conversion terms are no less favorable than those applicable to the 2018 Convertible Notes as in effect on the date hereof) with respect to any Debt (other than the Loans), if the effect of such failure or occurrence is to cause or to permit the holder or holders of any such Debt to cause, Debt or other liabilities having an aggregate principal amount in excess of $5,000,000 to become or be declared due prior to its stated maturity;

(e) any Borrower or any Material Subsidiary of a Borrower shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing;

(f) an involuntary case or other proceeding shall be commenced against any Credit Party or any Material Subsidiary of a Borrower seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of sixty (60) days; or an order for relief shall be entered against any Credit Party or any Subsidiary of a Borrower under applicable federal bankruptcy, insolvency or other similar law in respect of (i) bankruptcy, liquidation, winding-up, dissolution or suspension of general operations, (ii) composition, rescheduling, reorganization, arrangement or readjustment of, or other relief from, or stay of

proceedings to enforce, some or all of the debts or obligations, or (iii) possession, foreclosure, seizure or retention, sale or other disposition of, or other proceedings to enforce security over, all or any substantial part of the assets of such Credit Party or Subsidiary;

(g) (i) institution of any steps by any Person to terminate a Pension Plan if as a result of such termination any Credit Party or any member of the Controlled Group could be required to make a contribution to such Pension Plan and could incur a liability or obligation to such Pension Plan, in excess of $1,000,000, (ii) a contribution failure occurs with respect to any Pension Plan sufficient to give rise to a Lien under Section 303(k) of ERISA or Section 430(k) of the Code or an event occurs that could reasonably be expected to give rise to a Lien under Section 4068 of ERISA, or (iii) there shall occur any withdrawal or partial withdrawal from a Multiemployer Plan and the withdrawal liability (without unaccrued interest) to Multiemployer Plans as a result of such withdrawal (including any outstanding withdrawal liability that any Credit Party or any member of the Controlled Group have incurred on the date of such withdrawal) exceeds $1,000,000;

(h) one or more judgments or orders for the payment of money aggregating in excess of $5,000,000 (above (i) any amounts covered by insurance to the extent the relevant independent third-party insurer has not denied coverage therefor, or (ii) the amount of a bond or other security from or on behalf of Borrowers or any of their respective Subsidiaries as security against such judgment) shall be rendered against any or all Credit Parties and either (i) enforcement proceedings shall have been commenced by any creditor upon any such judgments or orders, or (ii) there shall be any period of thirty (30) consecutive days during which a stay of enforcement of any such judgments or orders, by reason of a pending appeal, bond or otherwise, shall not be in effect;

(i) any Lien created by any of the Security Documents with respect to Eligible Accounts, Eligible Inventory or a material portion of the Collateral, taken as a whole, shall at any time fail to constitute a valid and perfected (other than in respect of Excluded Perfection Assets) Lien on all of the Collateral purported to be encumbered thereby, subject to no prior or equal Lien except Permitted Liens, or any Credit Party shall so assert;

(j) the institution by any Governmental Authority of criminal proceedings against any Credit Party;

(k) any Guarantee of the Obligations shall fail to remain in full force or effect (other than to the extent expressly permitted by this Agreement) or any action shall be taken by any Guarantor to discontinue or to assert the invalidity or unenforceability of its Guarantee, or any Guarantor shall fail to comply with any of the terms of provisions of its Guarantee, or any Guarantor shall deny that it has any further liability under its Guarantee, or shall give notice to such effect (other than as a result of the discharge of such Guarantor to the extent expressly permitted by this Agreement), including, but not limited to, any notice of termination delivered pursuant to the terms of any Guarantee.

(l) any Borrower makes any payment on account of any Subordinated Debt, other than payments specifically permitted by the terms of the applicable Subordinated Debt Documents;

(m) the equity of Accuray fails to remain registered with the SEC in good standing, and/or such equity fails to remain publicly traded on and registered with a public securities exchange; or

(n) there shall occur any event of default under the Indenture, the 2018 Convertible Notes, any other Convertible Notes Debt or any indenture in respect thereof.

All cure periods provided for in this Section 10.1 shall run concurrently with any cure period provided for in any applicable Financing Documents under which the default occurred.

Section 10.2 Acceleration and Suspension or Termination of Revolving Loan Commitment. Upon the occurrence and during the continuance of an Event of Default, Agent may, and shall if requested by Required Lenders, (a) by notice to Borrower Representative suspend or terminate the Revolving Loan Commitment and the obligations of Agent and Lenders with respect thereto, in whole or in part (and, if in part, each Lender's Revolving Loan Commitment shall be reduced in accordance with its Pro Rata Share), and/or (b) by notice to Borrower Representative declare all or any portion of the Obligations to be, and the Obligations shall thereupon become, immediately due and payable, with accrued interest thereon, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Borrower, and Borrowers will pay the same; *provided*, *however*, that in the case of any of the Events of Default specified in Section 10.1(e) or 10.1(f) above, without any notice to any Borrower or any other act by Agent or Lenders, the Revolving Loan Commitment and the obligations of Agent and Lenders with respect thereto shall thereupon immediately and automatically terminate and all of the Obligations shall become immediately and automatically due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Borrower and Borrowers will pay the same.

Section 10.3 UCC Remedies.

(a) Upon the occurrence of and during the continuance of an Event of Default under this Agreement or the other Financing Documents, Agent, in addition to all other rights, options, and remedies granted to Agent under this Agreement or at law or in equity, may exercise, either directly or through one or more assignees or designees, all rights and remedies granted to it under all Financing Documents and under the UCC in effect in the applicable jurisdiction(s) and under any other applicable law; including, without limitation:

(i) the right to take possession of, send notices regarding, and collect directly the Collateral, with or without judicial process;

(ii) the right to (by its own means or with judicial assistance) enter any of Borrowers' premises and take possession of the Collateral, or render it unusable, or to render it usable or saleable, or dispose of the Collateral on such premises in compliance with subsection (iii) below and to take possession of Borrowers' original books and records, to obtain access to Borrowers' data processing equipment, computer hardware and software relating to the Collateral and to use all of the foregoing and the information contained therein in any manner Agent deems appropriate, without any liability for rent, storage, utilities, or other sums, and Borrowers shall not resist or interfere with such

action (if Borrowers' books and records are prepared or maintained by an accounting service, contractor or other third party agent, Borrowers hereby irrevocably authorize such service, contractor or other agent, upon notice by Agent to such Person that an Event of Default has occurred and is continuing, to deliver to Agent or its designees such books and records, and to follow Agent's instructions with respect to further services to be rendered);

(iii) the right to require Borrowers at Borrowers' expense to assemble all or any part of the Collateral and make it available to Agent at any place designated by Agent;

(iv) the right to notify postal authorities to change the address for delivery of Borrowers' mail to an address designated by Agent and to receive, open and dispose of all mail addressed to any Borrower; and/or

(v) the right to enforce Borrowers' rights against Account Debtors and other obligors, including, without limitation, (i) the right to collect Accounts directly in Agent's own name (as agent for Lenders) and to charge the collection costs and expenses, including attorneys' fees, to Borrowers, and (ii) the right, in the name of Agent or any designee of Agent or Borrowers, to verify the validity, amount or any other matter relating to any Accounts by mail, telephone, telegraph or otherwise, including, without limitation, verification of Borrowers' compliance with applicable Laws. Borrowers shall cooperate fully with Agent in an effort to facilitate and promptly conclude such verification process. Such verification may include contacts between Agent and applicable federal, state and local regulatory authorities having jurisdiction over Borrowers' affairs, all of which contacts Borrowers hereby irrevocably authorize.

(b) Each Borrower agrees that a notice received by it at least ten (10) days before the time of any intended public sale, or the time after which any private sale or other disposition of the Collateral is to be made, shall be deemed to be reasonable notice of such sale or other disposition. If permitted by applicable law, any perishable Collateral which threatens to speedily decline in value or which is sold on a recognized market may be sold immediately by Agent without prior notice to Borrowers. At any sale or disposition of Collateral, Agent may (to the extent permitted by applicable law) purchase all or any part of the Collateral, free from any right of redemption by Borrowers, which right is hereby waived and released. Each Borrower covenants and agrees not to interfere with or impose any obstacle to Agent's exercise of its rights and remedies with respect to the Collateral. Agent shall have no obligation to clean-up or otherwise prepare the Collateral for sale. Agent may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral. Agent may sell the Collateral without giving any warranties as to the Collateral. Agent may specifically disclaim any warranties of title or the like. This procedure will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral. If Agent sells any of the Collateral upon credit, Borrowers will be credited only with payments actually made by the purchaser, received by Agent and applied to the indebtedness of the purchaser. In the event the purchaser fails to pay for the Collateral, Agent may resell the Collateral and Borrowers shall

be credited with the proceeds of the sale. Borrowers shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all Obligations.

(c) Without restricting the generality of the foregoing and for the purposes aforesaid, each Borrower hereby appoints and constitutes Agent its lawful attorney-in-fact with full power of substitution in the Collateral, upon the occurrence and during the continuance of an Event of Default, to (i) use unadvanced funds remaining under this Agreement or which may be reserved, escrowed or set aside for any purposes hereunder at any time, or to advance funds in excess of the face amount of the Notes, (ii) pay, settle or compromise all existing bills and claims, which may be Liens or security interests, or to avoid such bills and claims becoming Liens against the Collateral, (iii) execute all applications and certificates in the name of such Borrower and to prosecute and defend all actions or proceedings in connection with the Collateral, and (iv) do any and every act which such Borrower might do in its own behalf; it being understood and agreed that the power of attorney in this subsection (c) shall be a power coupled with an interest and cannot be revoked.

(d) Subject to the terms and conditions of this Agreement, solely for the purpose of enabling the Agent, on behalf of the Lenders, to exercise rights and remedies hereunder after the occurrence and solely during the continuance of an Event of Default and at such time as the Agent shall be lawfully entitled to exercise such rights and remedies, Agent is hereby granted, for its benefit and the benefit of the Lenders, to the extent licensable without payment to or consent of any third party, an irrevocable (during the continuation of an Event of Default), non-exclusive license (exercisable without payment of royalty or other compensation to any Credit Party or any other Person) to use any of the Intellectual Property of any Credit Party included in the Collateral, including access to all media in which any such licensed Intellectual Property may be recorded or stored and to all computer programs used for the compilation or printout thereof, provided however that (i) such license granted hereunder with respect to trademarks shall be subject to all quality control and use requirements or standards of the applicable Credit Party, (ii) the Agent continue to use such Credit Party's patent, trademark, copyright and proprietary notices in connection with its exercise of such license, (iii) all goodwill associated with the use of the Credit Party's trademarks will inure to the sole and exclusive benefit of such Credit Party and (iv) the Agent, on behalf of the Lenders, shall have no greater rights than those of the applicable Credit Party under

any such license. For the avoidance of doubt, the use of the license granted to the Agent pursuant to this Section 10.3(d) by the Credit Parties may be exercised, at the option of the Agent, only upon the occurrence and solely during the continuance of an Event of Default.

Section 10.4 Cash Collateral. If (a) any Event of Default specified in Section 10.1(e) or 10.1(f) shall occur, (b) the Obligations shall have otherwise been accelerated pursuant to Section 10.2, or (c) the Revolving Loan Commitment and the obligations of Agent and Lenders with respect thereto shall have been terminated pursuant to Section 10.2, then without any request or the taking of any other action by Agent or Lenders, Borrowers shall immediately comply with the provisions of Section 2.5(e) with respect to the deposit of cash collateral to secure the existing Letter of Credit Liability and future payment of related fees.

Section 10.5 Default Rate of Interest. At the election of Agent or Required Lenders, after the occurrence of an Event of Default (but in the case of a breach of the covenants in

Article 6, only after the Cure Period expires or if the Cure Right is no longer available) and for so long as it continues, (a) the Loans and other Obligations shall bear interest at rates that are two percent (2.0%) per annum in excess of the rates otherwise payable under this Agreement, and (b) the fee described in Section 2.5(b) shall increase by a rate that is two percent (2.0%) in excess of the rate otherwise payable under such Section; *provided*, *however*, that in the case of any Event of Default specified in Section 10.1(e) or 10.1(f) above, such default rates shall apply immediately and automatically without the need for any election or action of any kind on the part of Agent or any Lender.

Section 10.6 Setoff Rights. During the continuance of any Event of Default, each Lender is hereby authorized by each Borrower at any time or from time to time, with reasonably prompt subsequent notice to such Borrower (any prior or contemporaneous notice being hereby expressly waived) to set off and to appropriate and to apply any and all (a) balances held by such Lender or any of such Lender's Affiliates at any of its offices for the account of such Borrower or any of its Subsidiaries (regardless of whether such balances are then due to such Borrower or its Subsidiaries), and (b) other property at any time held or owing by such Lender to or for the credit or for the account of such Borrower or any of its Subsidiaries, against and on account of any of the Obligations; except that no Lender shall exercise any such right without the prior written consent of Agent. Any Lender exercising a right to set off shall purchase for cash (and the other Lenders shall sell) interests in each of such other Lender's Pro Rata Share of the Obligations as would be necessary to cause all Lenders to share the amount so set off with each other Lender in accordance with their respective Pro Rata Share of the Obligations. Each Borrower agrees, to the fullest extent permitted by law, that any Lender and any of such Lender's Affiliates may exercise its right to set off with respect to the Obligations as provided in this Section 10.6.

Section 10.7 Application of Proceeds.

(a) Notwithstanding anything to the contrary contained in this Agreement, upon the occurrence and during the continuance of an Event of Default, each Borrower irrevocably waives the right to direct the application of any and all payments at any time or times thereafter received by Agent from or on behalf of such Borrower or any Guarantor of all or any part of the Obligations, and, as between Borrowers on the one hand and Agent and Lenders on the other, Agent shall have the continuing and exclusive right to apply and to reapply any and all payments received against the Obligations in such manner as Agent may deem advisable notwithstanding any previous application by Agent.

(b) Following the occurrence and continuance of an Event of Default, but absent the occurrence and continuance of an Acceleration Event, Agent shall apply any and all payments received by Agent in respect of the Obligations, and any and all proceeds of Collateral received by Agent, in such order as Agent may from time to time elect.

(c) Notwithstanding anything to the contrary contained in this Agreement, if an Acceleration Event shall have occurred, and so long as it continues, Agent shall apply any and all payments received by Agent in respect of the Obligations, and any and all proceeds of Collateral received by Agent, in the following order: *first*, to all fees, costs, indemnities, liabilities, obligations and expenses incurred by or owing to Agent with respect to this

Agreement, the other Financing Documents or the Collateral; *second*, to all fees, costs, indemnities, liabilities, obligations and expenses incurred by or owing to any Lender with respect to this Agreement, the other Financing Documents or the Collateral; *third*, to accrued and unpaid interest on the Obligations (including any interest which, but for the provisions of the Bankruptcy Code, would have accrued on such amounts); *fourth*, to the principal amount of the Obligations outstanding and to provide cash collateral to secure any and all Letter of Credit Liability and future payment of related fees, as provided for in Section 2.5(e); and *fifth* to any other indebtedness or obligations of Borrowers owing to Agent or any Lender under the Financing Documents. Any balance remaining shall be delivered to Borrowers or to whomever may be lawfully entitled to receive such balance or as a court of competent jurisdiction may direct. In carrying out the foregoing, (y) amounts received shall be applied in the numerical order provided until exhausted prior to the application to the next succeeding category, and (z) each of the Persons entitled to receive a payment in any particular category shall receive an amount equal to its Pro Rata Share of amounts available to be applied pursuant thereto for such category.

Section 10.8 Waivers.

(a) Except as otherwise provided for in this Agreement and to the fullest extent permitted by applicable law, each Borrower waives: (i) presentment, demand and protest, and notice of presentment, dishonor, intent to accelerate, acceleration, protest, default, nonpayment, maturity, release, compromise, settlement, extension or renewal of any or all Financing Documents, the Notes or any other notes, commercial paper, accounts, contracts, documents, Instruments, Chattel Paper and Guarantees at any time held by Lenders on which any Borrower may in any way be liable, and hereby ratifies and confirms whatever Lenders may do in this regard; (ii) all rights to notice and a hearing prior to Agent's or any Lender's taking possession or control of, or to Agent's or any Lender's replevy, attachment or levy upon, any Collateral or any bond or security which might be required by any court prior to allowing Agent or any Lender to exercise any of its remedies; and (iii) the benefit of all valuation, appraisal and exemption Laws. Each Borrower acknowledges that it has been advised by counsel of its choices and decisions with respect to this Agreement, the other Financing Documents and the transactions evidenced hereby and thereby.

(b) Each Borrower for itself and all its successors and assigns, (i) agrees that its liability shall not be in any manner affected by any indulgence, extension of time, renewal, waiver, or modification granted or consented to by Lender; (ii) consents to any indulgences and all extensions of time, renewals, waivers, or modifications that may be granted by Agent or any Lender with respect to the payment or other provisions of the Financing Documents, and to any substitution, exchange or release of the Collateral, or any part thereof, with or without substitution, and agrees to the addition or release of any Borrower, endorsers, guarantors, or sureties, or whether primarily or secondarily liable, without notice to any other Borrower and without affecting its liability hereunder; (iii) agrees that its liability shall be unconditional and without regard to the liability of any other Borrower, Agent or any Lender for any tax on the indebtedness (except to the extent otherwise expressly provided in Section 2.8); and (iv) to the fullest extent permitted by law, expressly waives the benefit of any statute or rule of law or equity now provided, or which may hereafter be provided, which would produce a result contrary to or in conflict with the foregoing.

(c) To the extent that Agent or any Lender may have acquiesced in any noncompliance with any requirements or conditions precedent to the closing of the Loans or to any subsequent disbursement of Loan proceeds, such acquiescence shall not be deemed to constitute a waiver by Agent or any Lender of such requirements with respect to any future disbursements of Loan proceeds and Agent may at any time after such acquiescence require Borrowers to comply with all such requirements. Any forbearance by Agent or Lender in exercising any right or remedy under any of the Financing Documents, or otherwise afforded by applicable law, including any failure to accelerate the maturity date of the Loans, shall not be a waiver of or preclude the exercise of any right or remedy nor shall it serve as a novation of the Notes or as a reinstatement of the Loans or a waiver of such right of acceleration or the right to insist upon strict compliance of the terms of the Financing Documents. Agent's or any Lender's acceptance of payment of any sum secured by any of the Financing Documents after the due date of such payment shall not be a waiver of Agent's and such Lender's right to either require prompt payment when due of all other sums so secured or to declare a default for failure to make prompt payment. The procurement of insurance or the payment of taxes or other Liens or charges by Agent as the result of an Event of Default shall not be a waiver of Agent's right to accelerate the maturity of the Loans, nor shall Agent's receipt of any condemnation awards, insurance proceeds, or damages under this Agreement operate to cure or waive any Credit Party's default in payment of sums secured by any of the Financing Documents.

(d) Without limiting the generality of anything contained in this Agreement or the other Financing Documents, each Borrower agrees that if an Event of Default is continuing all Liens and other rights, remedies or privileges provided to Agent or Lenders shall remain in full force and effect until Agent or Lenders have exhausted all remedies against the Collateral and any other properties owned by Borrowers and the Financing Documents and other security instruments or agreements securing the Loans have been foreclosed, sold and/or otherwise realized upon in satisfaction of Borrowers' obligations under the Financing Documents.

(e) Nothing contained herein or in any other Financing Document shall be construed as requiring Agent or any Lender to resort to any part of the Collateral for the satisfaction of any of Borrowers' obligations under the Financing Documents in preference or priority to any other Collateral, and Agent may seek satisfaction out of all of the Collateral or any part thereof, in its absolute discretion in respect of Borrowers' obligations under the Financing Documents. In addition, Agent shall have the right, after the occurrence and during the continuance of an Event of Default, to partially foreclose upon any Collateral in any manner and for any amounts secured by the Financing Documents then due and payable as determined by Agent in its sole discretion, including, without limitation, the following circumstances: (i) in the event any Borrower defaults beyond any applicable grace period in the payment of one or more scheduled payments of principal and/or interest, Agent may foreclose upon all or any part of the Collateral to recover such delinquent payments, or (ii) in the event Agent elects (in accordance with the terms of this Agreement) to accelerate less than the entire outstanding principal balance of the Loans, Agent may foreclose all or any part of the Collateral to recover so much of the principal balance of the Loans as Lender may accelerate and such other sums secured by one or more of the Financing Documents as Agent may elect. Notwithstanding one or more partial foreclosures, any unforeclosed Collateral shall remain subject to the Financing Documents to secure payment of sums secured by the Financing Documents and not previously recovered.

(f) To the fullest extent permitted by law, each Borrower, for itself and its successors and assigns, waives in the event of foreclosure of any or all of the Collateral any equitable right otherwise available to any Credit Party which would require the separate sale of any of the Collateral or require Agent or Lenders to exhaust their remedies against any part of the Collateral before proceeding against any other part of the Collateral; and further in the event of such foreclosure each Borrower does hereby expressly consent to and authorize, at the option of Agent, the foreclosure and sale either separately or together of each part of the Collateral.

Section 10.9 Injunctive Relief. The parties acknowledge and agree that, in the event of a breach or threatened breach of any Credit Party's obligations under any Financing Documents, Agent and Lenders may have no adequate remedy in money damages and, accordingly, shall be entitled to an injunction (including, without limitation, a temporary restraining order, preliminary injunction, writ of attachment, or order compelling an audit) against such breach or threatened breach, including, without limitation, maintaining any cash management and collection procedure described herein. However, no specification in this Agreement of a specific legal or equitable remedy shall be construed as a waiver or prohibition against any other legal or equitable remedies in the event of a breach or threatened breach of any provision of this Agreement. Each Credit Party waives, to the fullest extent permitted by law, the requirement of the posting of any bond in connection with such injunctive relief. By joining in the Financing Documents as a Credit Party, each Credit Party specifically joins in this Section as if this Section were a part of each Financing Document executed by such Credit Party.

Section 10.10 Marshalling; Payments Set Aside. Neither Agent nor any Lender shall be under any obligation to marshal any assets in payment of any or all of the Obligations. To the extent that Borrower makes any payment or Agent enforces its Liens or Agent or any Lender exercises its right of set-off, and such payment or the proceeds of such enforcement or set-off is subsequently invalidated, declared to be fraudulent or preferential, set aside, or required to be repaid by anyone, then to the extent of such recovery, the Obligations or part thereof originally intended to be satisfied, and all Liens, rights and remedies therefor, shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or set-off had not occurred.

Section 10.11 Cure Right. (a) Notwithstanding anything to the contrary contained in this Agreement, in the event that Borrowers fail to comply with Section 6.2 as of the end of any fiscal quarter, until the expiration of the fifteenth (15th) Business Day subsequent to the date the Compliance Certificate for such fiscal quarter is required to be delivered pursuant to Section 4.1 (the "**Cure Period**"), Accuray shall have the right to issue equity interests (other than Disqualified Equity Interests) for cash (the amount thereof, the "**Cure Amount**" and the exercise of such right, the "**Cure Right**"); *provided*, (i) no more than four (4) Cure Rights may be exercised after the Closing Date; (ii) no more than two Cure Rights may be exercised during any consecutive four fiscal quarters; (iii) no Cure Amount shall exceed the amount necessary to cause compliance with Section 6.2 for the period then ended; and (iv) no Cure Amount

shall exceed $5,000,000; *provided further*, that (x) Borrower Representative shall give Agent written notice of their intention to exercise the Cure Right prior to the eleventh (11th) Business Day subsequent to the date the Compliance Certificate for such fiscal quarter is required to be delivered (such Business Day, the "**Cure Notice Deadline**") and (y) so long as Borrower Representative has given irrevocable written notice to Agent of its commitment to exercise the

Cure Right prior to the Cure Notice Deadline, during the remainder of the Cure Period thereafter, neither Agent nor Lenders shall exercise remedies in connection with such failure to comply with Section 6.2 as of the end of such fiscal quarter; *provided*, *further*, that Borrowers shall not be permitted to request any Revolving Loans during the Cure Period unless and until the Cure Amount has been received by Accuray.

(b) Upon the receipt by Accuray of the cash proceeds of any equity issuance referred to in Section 10.11(a), EBITDA for the fiscal quarter as to which such Cure Right is exercised (the "**Cure Right Fiscal Quarter**") shall be deemed to have been increased by the Cure Amount in determining compliance with Section 6.2 for such Cure Right Fiscal Quarter and for any subsequent period that includes such Cure Right Fiscal Quarter; *provided* that no increase in EBITDA on account of the exercise of any Cure Right shall be applicable for any other purpose under this Agreement or any other Financing Documents.

(c) If after giving effect to the recalculations set forth in Section 10.11(b) Borrowers shall then be in compliance with Section 6.2, Borrowers shall be deemed to have satisfied the requirements of such covenant as of the relevant date of determination with the same effect as though there had been no failure to comply therewith at such date, and any Event of Default with respect to any such covenant that had occurred shall be deemed cured for all purposes of this Agreement and the other Financing Documents.

ARTICLE 11 - AGENT

Section 11.1 Appointment and Authorization. Each Lender hereby irrevocably appoints and authorizes Agent to enter into each of the Financing Documents to which it is a party (other than this Agreement) on its behalf and to take such actions as Agent on its behalf and to exercise such powers under the Financing Documents as are delegated to Agent by the terms thereof, together with all such powers as are reasonably incidental thereto. Subject to the terms of Section 11.16 and to the terms of the other Financing Documents, Agent is authorized and empowered to amend, modify, or waive any provisions of this Agreement or the other Financing Documents on behalf of Lenders. The provisions of this Article 11 are solely for the benefit of Agent and Lenders and neither any Borrower nor any other Credit Party shall have any rights as a third party beneficiary of any of the provisions hereof. In performing its functions and duties under this Agreement, Agent shall act solely as agent of Lenders and does not assume and shall not be deemed to have assumed any obligation toward or relationship of agency or trust with or for any Borrower or any other Credit Party. Agent may perform any of its duties hereunder, or under the Financing Documents, by or through its agents, servicers, trustees, investment managers or employees.

Section 11.2 Agent and Affiliates. Agent shall have the same rights and powers under the Financing Documents as any other Lender and may exercise or refrain from exercising the same as though it were not Agent, and Agent and its Affiliates may lend money to, invest in and generally engage in any kind of business with each Credit Party or Affiliate of any Credit Party as if it were not Agent hereunder.

Section 11.3 Action by Agent. The duties of Agent shall be mechanical and administrative in nature. Agent shall not have by reason of this Agreement a fiduciary

relationship in respect of any Lender. Nothing in this Agreement or any of the Financing Documents is intended to or shall be construed to impose upon Agent any obligations in respect of this Agreement or any of the Financing Documents except as expressly set forth herein or therein.

Section 11.4 Consultation with Experts. Agent may consult with legal counsel, independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

Section 11.5 Liability of Agent. Neither Agent nor any of its directors, officers, agents, servicers, trustees, investment managers or employees shall be liable to any Lender for any action taken or not taken by it in connection with the Financing Documents, except that Agent shall be liable with respect to its specific duties set forth hereunder but only to the extent of its own gross negligence or willful misconduct in the discharge thereof as determined by a final non-appealable judgment of a court of competent jurisdiction. Neither Agent nor any of its directors, officers, agents, servicers, trustees, investment managers or employees shall be responsible for or have any duty to ascertain, inquire into or verify (a) any statement, warranty or representation made in connection with any Financing Document or any borrowing hereunder; (b) the performance or observance of any of the covenants or agreements specified in any Financing Document; (c) the satisfaction of any condition specified in any Financing Document; (d) the validity, effectiveness, sufficiency or genuineness of any Financing Document, any Lien purported to be created or perfected thereby or any other instrument or writing furnished in connection therewith; (e) the existence or non-existence of any Default or Event of Default; or (f) the financial condition of any Credit Party. Agent shall not incur any liability by acting in reliance upon any notice, consent, certificate, statement, or other writing (which may be a bank wire, facsimile or electronic transmission or similar writing) believed by it to be genuine or to be signed by the proper party or parties. Agent shall not be liable for any apportionment or distribution of payments made by it in good faith and if any such apportionment or distribution is subsequently determined to have been made in error the sole recourse of any Lender to whom payment was due but not made, shall be to recover from other Lenders any payment in excess of the amount to which they are determined to be entitled (and such other Lenders hereby agree to return to such Lender any such erroneous payments received by them).

Section 11.6 Indemnification. Each Lender shall, in accordance with its Pro Rata Share, indemnify Agent (to the extent not reimbursed by Borrowers) upon demand against any cost, expense (including counsel fees and disbursements), claim, demand, action, loss or liability (except such as result from Agent's gross negligence or willful misconduct as determined by a final non-appealable judgment of a court of competent jurisdiction) that Agent may suffer or incur in connection with the Financing Documents or any action taken or omitted by Agent hereunder or thereunder. If any indemnity furnished to Agent for any purpose shall, in the opinion of Agent, be insufficient or become impaired, Agent may call for additional indemnity and cease, or not commence, to do the acts indemnified against even if so directed by Required Lenders until such additional indemnity is furnished.

Section 11.7 Right to Request and Act on Instructions. Agent may at any time request instructions from Lenders with respect to any actions or approvals which by the terms of this

Agreement or of any of the Financing Documents Agent is permitted or desires to take or to grant, and if such instructions are promptly requested, Agent shall be absolutely entitled to refrain from taking any action or to withhold any approval and shall not be under any liability whatsoever to any Person for refraining from any action or withholding any approval under any of the Financing Documents until it shall have received such instructions from Required Lenders or all or such other portion of Lenders as shall be prescribed by this Agreement. Without limiting the foregoing, no Lender shall have any right of action whatsoever against Agent as a result of Agent acting or refraining from acting under this Agreement or any of the other Financing Documents in accordance with the instructions of Required Lenders (or all or such other portion of Lenders as shall be prescribed by this Agreement) and, notwithstanding the instructions of Required Lenders (or such other applicable portion of Lenders), Agent shall have no obligation to take any action if it believes, in good faith, that such action would violate applicable Law or exposes Agent to any liability for which it has not received satisfactory indemnification in accordance with the provisions of Section 11.6.

Section 11.8 Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking any action under the Financing Documents.

Section 11.9 Collateral Matters. Lenders irrevocably authorize Agent, at its option and in its discretion, to (a) release any Lien granted to or held by Agent under any Security Document (i) upon termination of the Revolving Loan Commitment and payment in full of all Obligations; or (ii) constituting property sold or disposed of as part of or in connection with any disposition permitted under any Financing Document (it being understood and agreed that Agent may conclusively rely without further inquiry on a certificate of a Responsible Officer as to the sale or other disposition of property being made in full compliance with the provisions of the Financing Documents); and (b) subordinate any Lien granted to or held by Agent under any Security Document to a Permitted Lien that is allowed to have priority over the Liens granted to or held by Agent pursuant to the definition of "Permitted Liens". Upon request by Agent at any time, Lenders will confirm Agent's authority to release and/or subordinate particular types or items of Collateral pursuant to this Section 11.9.

Section 11.10 Agency for Perfection. Agent and each Lender hereby appoint each other Lender as agent for the purpose of perfecting Agent's security interest in assets which, in accordance with the Uniform Commercial Code in any applicable jurisdiction, can be perfected by possession or control. Should any Lender (other than Agent) obtain possession or control of any such assets, such Lender shall notify Agent thereof, and, promptly upon Agent's request therefor, shall deliver such assets to Agent or in accordance with Agent's instructions or transfer control to Agent in accordance with Agent's instructions. Each Lender agrees that it will not have any right individually to enforce or seek to enforce any Security Document or to realize upon any Collateral for the Loan unless instructed to do so by Agent (or consented to by Agent), it being understood and agreed that such rights and remedies may be exercised only by Agent.

Section 11.11 Notice of Default. Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default except with respect to defaults in the payment of principal, interest and fees required to be paid to Agent for the account of Lenders, unless Agent shall have received written notice from a Lender or a Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". Agent will notify each Lender of its receipt of any such notice. Agent shall take such action with respect to such Default or Event of Default as may be requested by Required Lenders (or all or such other portion of Lenders as shall be prescribed by this Agreement) in accordance with the terms hereof. Unless and until Agent has received any such request, Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interests of Lenders.

Section 11.12 Assignment by Agent; Resignation of Agent; Successor Agent.

(a) Agent may at any time assign its rights, powers, privileges and duties hereunder to (i) another Lender, or (ii) any Person to whom Agent, in its capacity as a Lender, has assigned (or will assign, in conjunction with such assignment of agency rights hereunder) 50% or more of its Loan, in each case without the consent of Lenders or Borrowers. Following any such assignment, Agent shall give notice to Lenders and Borrowers. An assignment by Agent pursuant to this subsection (a) shall not be deemed a resignation by Agent for purposes of subsection (b) below.

(b) Without limiting the rights of Agent to designate an assignee pursuant to subsection (a) above, Agent may at any time give notice of its resignation to Lenders and Borrowers. Upon receipt of any such notice of resignation, Required Lenders shall have the right to appoint a successor Agent. If no such successor shall have been so appointed by Required Lenders and shall have accepted such appointment within ten (10) Business Days after the retiring Agent gives notice of its resignation, then the retiring Agent may on behalf of Lenders, appoint a successor Agent; *provided*, *however*, that if Agent shall notify Borrowers and Lenders that no Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice from Agent that no Person has accepted such appointment and, from and following delivery of such notice, (i) the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Financing Documents, and (ii) all payments, communications and determinations provided to be made by, to or through Agent shall instead be made by or to each Lender directly, until such time as Required Lenders appoint a successor Agent as provided for above in this paragraph.

(c) Upon (i) an assignment permitted by subsection (a) above, or (ii) the acceptance of a successor's appointment as Agent pursuant to subsection (b) above, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Agent, and the retiring Agent shall be discharged from all of its duties and obligations hereunder and under the other Financing Documents (if not already discharged therefrom as provided above in this paragraph). The fees payable by Borrowers to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between Borrowers and such successor. After the retiring Agent's resignation hereunder and under the other Financing Documents, the provisions of this Article and Section 11.12 shall continue in

effect for the benefit of such retiring Agent and its sub-agents in respect of any actions taken or omitted to be taken by any of them while the retiring Agent was acting or was continuing to act as Agent.

Section 11.13 Payment and Sharing of Payment.

(a) Revolving Loan Advances, Payments and Settlements; Interest and Fee Payments.

(i) Agent shall have the right, on behalf of Revolving Lenders to disburse funds to Borrowers for all Revolving Loans requested or deemed requested by Borrowers pursuant to the terms of this Agreement. Agent shall be conclusively entitled to assume, for purposes of the preceding sentence, that each Revolving Lender, other than any Non-Funding Lenders, will fund its Pro Rata Share of all Revolving Loans requested by Borrowers. Each Revolving Lender shall reimburse Agent on demand, in accordance with the provisions of the immediately following paragraph, for all funds disbursed on its behalf by Agent pursuant to the first sentence of this clause (i), or if Agent so requests, each Revolving Lender will remit to Agent its Pro Rata Share of any Revolving Loan before Agent disburses the same to a Borrower. If Agent elects to require that each Revolving Lender make funds available to Agent, prior to a disbursement by Agent to a Borrower, Agent shall advise each Revolving Lender by telephone, facsimile or e-mail of the amount of such Revolving Lender's Pro Rata Share of the Revolving Loan requested by such Borrower no later than noon (Eastern time) on the date of funding of such Revolving Loan, and each such Revolving Lender shall pay Agent on such date such Revolving Lender's Pro Rata Share of such requested Revolving Loan, in same day funds, by wire transfer to the Payment Account, or such other account as may be identified by Agent to Revolving Lenders from time to time. If any Lender fails to pay the amount of its Pro Rata Share of any funds advanced by Agent pursuant to the first sentence of this clause (i) within one (1) Business Day after Agent's demand, Agent shall promptly notify Borrower Representative, and Borrowers shall immediately repay such amount to Agent. Any repayment required by Borrowers pursuant to this Section 11.13 shall be accompanied by accrued interest thereon from and including the date such amount is made available to a Borrower to but excluding the date of payment at the rate of interest then applicable to Revolving Loans. Nothing in this Section 11.13 or elsewhere in this Agreement or the other Financing Documents shall be deemed to require Agent to advance funds on behalf of any Lender or to relieve any Lender from its obligation to fulfill its commitments hereunder or to prejudice any rights that Agent or any Borrower may have against any Lender as a result of any default by such Lender hereunder.

(ii) On a Business Day of each week as selected from time to time by Agent, or more frequently (including daily), if Agent so elects (each such day being a "**Settlement Date**"), Agent will advise each Revolving Lender by telephone, facsimile or e-mail of the amount of each such Revolving Lender's percentage interest of the Revolving Loan balance as of the close of business of the Business Day immediately preceding the Settlement Date. In the event that payments are necessary to adjust the amount of such Revolving Lender's actual percentage interest of the Revolving Loans to

such Lender's required percentage interest of the Revolving Loan balance as of any Settlement Date, the Revolving Lender from which such payment is due shall pay Agent, without setoff or discount, to the Payment Account before 1:00 p.m. (Eastern time) on the Business Day following the Settlement Date the full amount necessary to make such adjustment. Any obligation arising pursuant to the immediately preceding sentence shall be absolute and unconditional and shall not be affected by any circumstance whatsoever. In the event settlement shall not have occurred by the date and time specified in the second preceding sentence, interest shall accrue on the unsettled amount at the rate of interest then applicable to Revolving Loans.

(iii) On each Settlement Date, Agent shall advise each Revolving Lender by telephone, facsimile or e-mail of the amount of such Revolving Lender's percentage interest of principal, interest and fees paid for the benefit of Revolving Lenders with respect to each applicable Revolving Loan, to the extent of such Revolving Lender's Revolving Loan Exposure with respect thereto, and shall make payment to such Revolving Lender before 1:00 p.m. (Eastern time) on the Business Day following the Settlement Date of such amounts in accordance with wire instructions delivered by such Revolving Lender to Agent, as the same may be modified from time to time by written notice to Agent; *provided*, *however*, that, in the case such Revolving Lender is a Defaulted Lender, Agent shall be entitled to set off the funding short-fall against that Defaulted Lender's respective share of all payments received from any Borrower.

(iv) On the Closing Date, Agent, on behalf of Lenders, may elect to advance to Borrowers the full amount of the initial Loans to be made on the Closing Date prior to receiving funds from Lenders, in reliance upon each Lender's commitment to make its Pro Rata Share of such Loans to Borrowers in a timely manner on such date. If Agent elects to advance the initial Loans to Borrower in such manner, Agent shall be entitled to receive all interest that accrues on the Closing Date on each Lender's Pro Rata Share of such Loans unless Agent receives such Lender's Pro Rata Share of such Loans before 3:00 p.m. (Eastern time) on the Closing Date.

(v) It is understood that for purposes of advances to Borrowers made pursuant to this Section 11.13, Agent will be using the funds of Agent, and pending settlement, (A) all funds transferred from the Payment Account to the outstanding Revolving Loans shall be applied first to advances made by Agent to Borrowers pursuant to this Section 11.13, and (B) all interest accruing on such advances shall be payable to Agent.

(vi) The provisions of this Section 11.13(a) shall be deemed to be binding upon Agent and Lenders notwithstanding the occurrence of any Default or Event of Default, or any insolvency or bankruptcy proceeding pertaining to any Borrower or any other Credit Party.

(b) Return of Payments.

(i) If Agent pays an amount to a Lender under this Agreement in the belief or expectation that a related payment has been or will be received by Agent from a

Borrower and such related payment is not received by Agent, then Agent will be entitled to recover such amount from such Lender on demand without setoff, counterclaim or deduction of any kind, together with interest accruing on a daily basis at the Federal Funds Rate.

(ii) If Agent determines at any time that any amount received by Agent under this Agreement must be returned to any Borrower or paid to any other Person pursuant to any insolvency law or otherwise, then, notwithstanding any other term or condition of this Agreement or any other Financing Document, Agent will not be required to distribute any portion thereof to any Lender. In addition, each Lender will repay to Agent on demand any portion of such amount that Agent has distributed to such Lender, together with interest at such rate, if any, as Agent is required to pay to any Borrower or such other Person, without setoff, counterclaim or deduction of any kind.

(c) Defaulted Lenders. The failure of any Defaulted Lender to make any payment required by it hereunder shall not relieve any other Lender of its obligations to make payment, but neither any other Lender nor Agent shall be responsible for the failure of any Defaulted Lender to make any payment required hereunder. Notwithstanding anything set forth herein to the contrary, a Defaulted Lender shall not have any voting or consent rights under or with respect to any Financing Document or constitute a "Lender" (or be included in the calculation of "Required Lenders" hereunder) for any voting or consent rights under or with respect to any Financing Document.

(d) Sharing of Payments. If any Lender shall obtain any payment or other recovery (whether voluntary, involuntary, by application of setoff or otherwise) on account of any Loan (other than pursuant to the terms of Section 2.8(d)) in excess of its Pro Rata Share of payments entitled pursuant to the other provisions of this Section 11.13, such Lender shall purchase from the other Lenders such participations in extensions of credit made by such other Lenders (without recourse, representation or warranty) as shall be necessary to cause such purchasing Lender to share the excess payment or other recovery ratably with each of them; *provided*, *however*, that if all or any portion of the excess payment or other recovery is thereafter required to be returned or otherwise recovered from such purchasing Lender, such portion of such purchase shall be rescinded and each Lender which has sold a participation to the purchasing Lender shall repay to the purchasing Lender the purchase price to the ratable extent of such return or recovery, without interest. Each Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this clause (d) may, to the fullest extent permitted by law, exercise all its rights of payment (including pursuant to Section 10.6) with respect to such participation as fully as if such Lender were the direct creditor of Borrowers in the amount of such participation). If under any applicable bankruptcy, insolvency or other similar law, any Lender receives a secured claim in lieu of a setoff to which this clause (d) applies, such Lender shall, to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of Lenders entitled under this clause (d) to share in the benefits of any recovery on such secured claim.

Section 11.14 Right to Perform, Preserve and Protect. If any Credit Party fails to perform any obligation hereunder or under any other Financing Document, Agent itself may, but shall not be obligated to, cause such obligation to be performed at Borrowers' expense. Agent is

further authorized by Borrowers and Lenders to make expenditures from time to time which Agent, in its reasonable business judgment, deems necessary or desirable to (a) preserve or protect the business conducted by Borrowers, the Collateral, or any portion thereof, and/or (b) enhance the likelihood of, or maximize the amount of, repayment of the Loan and other Obligations. Each Borrower hereby agrees to reimburse Agent on demand for any and all costs, liabilities and obligations incurred by Agent pursuant to this Section 11.14. Each Lender hereby agrees to indemnify Agent upon demand for any and all costs, liabilities and obligations incurred by Agent pursuant to this Section 11.14, in accordance with the provisions of Section 11.6.

Section 11.15 Additional Titled Agents. Except for rights and powers, if any, expressly reserved under this Agreement to any bookrunner, arranger or to any titled agent named on the cover page of this Agreement, other than Agent (collectively, the "**Additional Titled Agents**"), and except for obligations, liabilities, duties and responsibilities, if any, expressly assumed under this Agreement by any Additional Titled Agent, no Additional Titled Agent, in such capacity, has any rights, powers, liabilities, duties or responsibilities hereunder or under any of the other Financing Documents. Without limiting the foregoing, no Additional Titled Agent shall have nor be deemed to have a fiduciary relationship with any Lender. At any time that any Lender serving as an Additional Titled Agent shall have transferred to any other Person (other than any Affiliates) all of its interests in the Loan, such Lender shall be deemed to have concurrently resigned as such Additional Titled Agent.

Section 11.16 Amendments and Waivers.

(a) No provision of this Agreement or any other Financing Document may be amended, waived or otherwise modified unless such amendment, waiver or other modification is in writing and is signed or otherwise approved by Borrowers, the Required Lenders and any other Lender to the extent required under Section 11.16(b); *provided*, *however*, that (i) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto and (ii) if Agent and Borrower Representative shall have jointly identified an obvious error (including, but not limited to, an incorrect cross-reference) or any error or omission of a technical or immaterial nature, in each case, in any provision of this Agreement or any other Financing Document (including, for the avoidance of doubt, any exhibit, schedule or other attachment to Financing Document), then Agent (acting in its sole discretion) and Borrower Representative or any other relevant Credit Party shall be permitted to amend such provision and such amendment shall be deemed approved by Lenders if Lenders shall have received five (5) Business Days' prior written notice of such change and Agent shall not have received, within five (5) Business Days of the date of such notice to Lenders, a written notice from the Required Lenders stating that the Required Lenders object to such amendment.

(b) In addition to the required signatures under Section 11.16(a), no provision of this Agreement or any other Financing Document may be amended, waived or otherwise modified unless such amendment, waiver or other modification is in writing and is signed or otherwise approved by the following Persons:

(i) if any amendment, waiver or other modification would increase a Lender's funding obligations in respect of any Loan, by such Lender; and/or

(ii) if the rights or duties of Agent or LC Issuer are affected thereby, by Agent and LC Issuer, as the case may be;

provided, however, that, in each of (i) and (ii) above, no such amendment, waiver or other modification shall, unless signed or otherwise approved in writing by all Lenders directly affected thereby, (A) reduce the principal of, rate of interest on or any fees with respect to any Loan or Reimbursement Obligation or forgive any principal, interest (other than default interest) or fees (other than late charges) with respect to any Loan or Reimbursement Obligation; (B) postpone the date fixed for, or waive, any payment (other than any mandatory prepayment pursuant to Section 2.1(b)(ii)) of principal of any Loan or of any Reimbursement Obligation, or of interest on any Loan or Reimbursement Obligation (other than default interest) or any fees provided for hereunder (other than late charges) or postpone the date of termination of any commitment of any Lender hereunder; (C) change the definition of the term Required Lenders or the percentage of Lenders which shall be required for Lenders to take any action hereunder; (D) release all or substantially all of the Collateral, authorize any Borrower to sell or otherwise dispose of all or substantially all of the Collateral or release any Guarantor of all or any portion of the Obligations or its Guarantee obligations with respect thereto, except, in each case with respect to this clause (D), as otherwise may be provided in this Agreement or the other Financing Documents (including in connection with any disposition permitted hereunder); (E) amend, waive or otherwise modify this Section 11.16(b) or the definitions of the terms used in this Section 11.16(b) insofar as the definitions affect the substance of this Section 11.16(b); (F) consent to the assignment, delegation or other transfer by any Credit Party of any of its rights and obligations under any Financing Document or release any Borrower of its payment obligations under any Financing Document, except, in each case with respect to this clause (F), pursuant to a merger or consolidation permitted pursuant to this Agreement; or (G) amend any of the provisions of Section 10.7 or amend any of the definitions Pro Rata Share, Revolving Loan Commitment, Revolving Loan Commitment Amount, Revolving Loan Commitment Percentage or that provide for Lenders to receive their Pro Rata Shares of any fees, payments, setoffs or proceeds of Collateral hereunder. It is hereby understood and agreed that all Lenders shall be deemed directly affected by an amendment, waiver or other modification of the type described in the preceding clauses (C), (D), (E), (F) and (G) of the preceding sentence.

Section 11.17 Assignments and Participations.

(a) Assignments.

(i) Any Lender may at any time assign to one or more Eligible Assignees all or any portion of such Lender's Loan together with all related obligations of such Lender hereunder. Except as Agent may otherwise agree, the amount of any such assignment (determined as of the date of the applicable Assignment Agreement or, if a "Trade Date" is specified in such Assignment Agreement, as of such Trade Date) shall be in a minimum aggregate amount equal to $1,000,000 or, if less, the assignor's entire interests in the outstanding Loan; *provided*, *however*, that, in connection with simultaneous assignments to two or more related Approved Funds, such Approved Funds shall be treated as one assignee for purposes of determining compliance with the minimum assignment size referred to above. Borrowers and Agent shall be entitled to continue to deal solely and directly with such Lender in connection with the interests so

assigned to an Eligible Assignee until Agent shall have received and accepted an effective Assignment Agreement executed, delivered and fully completed by the applicable parties thereto and a processing fee of $3,500 to be paid by the assigning Lender; *provided*, *however*, that only one processing fee shall be payable in connection with simultaneous assignments to two or more related Approved Funds. Each assignment shall contain a representation of the assignee Lender in the relevant Assignment Agreement that such assignee is not an Excluded Person.

(ii) From and after the date on which the conditions described above have been met, (A) such Eligible Assignee shall be deemed automatically to have become a party hereto and, to the extent of the interests assigned to such Eligible Assignee pursuant to such Assignment Agreement, shall have the rights and obligations of a Lender hereunder, and (B) the assigning Lender, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment Agreement, shall be released from its rights and obligations hereunder (other than those that survive termination pursuant to Section 12.1). Upon the request of the Eligible Assignee (and, as applicable, the assigning Lender) pursuant to an effective Assignment Agreement, each Borrower shall execute and deliver to Agent for delivery to the Eligible Assignee (and, as applicable, the assigning Lender) Notes in the aggregate principal amount of the Eligible Assignee's Loan (and, as applicable, Notes in the principal amount of that portion of the principal amount of the Loan retained by the assigning Lender). Upon receipt by the assigning Lender of such Note, the assigning Lender shall return to Borrower Representative any prior Note held by it.

(iii) Agent, acting solely for this purpose as an agent of Borrower, shall maintain at the office of its servicer located in Bethesda, Maryland a copy of each Assignment Agreement delivered to it and a register for the recordation of the names and addresses of each Lender, and the commitments of, and principal amount of the Loan owing to, such Lender pursuant to the terms hereof. The entries in such register shall be conclusive, and Borrower, Agent and Lenders may treat each Person whose name is recorded therein pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. Such register shall be available for inspection by Borrower and any Lender, at any reasonable time upon reasonable prior notice to Agent.

(iv) Notwithstanding the foregoing provisions of this Section 11.17(a) or any other provision of this Agreement, any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided*, *however*, that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(v) Notwithstanding the foregoing provisions of this Section 11.17(a) or any other provision of this Agreement, Agent has the right, but not the obligation, to effectuate assignments of Loans via an electronic settlement system acceptable to Agent as designated in writing from time to time to Lenders by Agent (the "**Settlement**

Service"). At any time when Agent elects, in its sole discretion, to implement such Settlement Service, each such assignment shall be effected by the assigning Lender and proposed assignee pursuant to the procedures then in effect under the Settlement Service, which procedures shall be consistent with the other provisions of this Section 11.17(a). Each assigning Lender and proposed Eligible Assignee shall comply with the requirements of the Settlement Service in connection with effecting any assignment of Loans pursuant to the Settlement Service. With the prior written approval of Agent, Agent's approval of such Eligible Assignee shall be deemed to have been automatically granted with respect to any transfer effected through the Settlement Service. Assignments and assumptions of the Loan shall be effected by the provisions otherwise set forth herein until Agent notifies Lenders of the Settlement Service as set forth herein.

(b) Participations.

(i) Any Lender may at any time, without the consent of, or notice to, any Borrower or Agent, sell to one or more Persons (other than a Excluded Person, any Borrower or any Borrower's Affiliates) participating interests in its Loan, commitments or other interests hereunder (any such Person, a "**Participant**"). In the event of a sale by a Lender of a participating interest to a Participant, (i) such Lender's obligations hereunder shall remain unchanged for all purposes, (ii) Borrowers and Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations hereunder, and (iii) all amounts payable by each Borrower shall be determined as if such Lender had not sold such participation and shall be paid directly to such Lender. Each Borrower agrees that if amounts outstanding under this Agreement are due and payable (as a result of acceleration or otherwise), each Participant shall be deemed to have the right of set-off in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement; *provided*, *however*, that such right of set-off shall be subject to the obligation of each Participant to share with Lenders, and Lenders agree to share with each Participant, as provided in Section 11.5.

(ii) Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of Borrowers, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Financing Documents (the "**Participant Register**"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Financing Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(c) Replacement of Lenders. Within thirty (30) days after: (i) receipt by Agent of notice and demand from any Lender for payment of additional costs as provided in Section 2.8(d), which demand shall not have been revoked, (ii) any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.8(a), (iii) any Lender is a Defaulted Lender, and the circumstances causing such status shall not have been cured or waived; or (iv) any failure by any Lender to consent to a requested amendment, waiver or modification to any Financing Document in which Required Lenders have already consented to such amendment, waiver or modification but the consent of each Lender, or each Lender affected thereby, is required with respect thereto (including any request for an Additional Tranche) (each relevant Lender in the foregoing clauses (i) through (iv) being an "**Affected Lender**") each of Borrower Representative and Agent may, at its option, notify such Affected Lender and, in the case of Borrowers' election, Agent, of such Person's intention to obtain, at Borrowers' expense, a replacement Lender ("**Replacement Lender**") for such Lender, which Replacement Lender shall be an Eligible Assignee and, in the event the Replacement Lender is to replace an Affected Lender described in the preceding clause (iv), such Replacement Lender consents to the requested amendment, waiver or modification making the replaced Lender an Affected Lender. In the event Borrowers or Agent, as applicable, obtains a Replacement Lender within ninety (90) days following notice of its intention to do so, the Affected Lender shall sell, at par, and assign all of its Loan and funding commitments hereunder to such Replacement Lender in accordance with the procedures set forth in Section 11.17(a); *provided*, *however*, that (A) Borrowers shall have reimbursed such Lender for its increased costs and additional payments for which it is entitled to reimbursement under Section 2.8(a) or Section 2.8(d), as applicable, of this Agreement through the date of such sale and assignment, and (B) Borrowers shall pay to Agent the $3,500 processing fee in respect of such assignment (unless waived by Agent, which it may do in its sole discretion). In the event that a replaced Lender does not execute an Assignment Agreement pursuant to Section 11.17(a) within five (5) Business Days after receipt by such replaced Lender of notice of replacement pursuant to this Section 11.17(c) and presentation to such replaced Lender of an Assignment Agreement evidencing an assignment pursuant to this Section 11.17(c), such replaced Lender shall be deemed to have consented to the terms of such Assignment Agreement, and any such Assignment Agreement executed by Agent, the Replacement Lender and, to the extent required pursuant to Section 11.17(a), Borrowers, shall be effective for purposes of this Section 11.17(c) and Section 11.17(a). Upon any such assignment and payment, such replaced Lender shall no longer constitute a "**Lender**" for purposes hereof, other than with respect to such rights and obligations that survive termination as set forth in Section 12.1.

(d) Credit Party Assignments. No Credit Party may assign, delegate or otherwise transfer any of its rights or other obligations hereunder or under any other Financing Document without the prior written consent of Agent and each Lender.

Section 11.18 Funding and Settlement Provisions Applicable When Non-Funding Lenders Exist.

So long as Agent has not waived the conditions to the funding of Revolving Loans set forth in Section 7.2, any Lender may deliver a notice to Agent stating that such Lender shall cease making Revolving Loans due to the non-satisfaction of one or more conditions to funding Loans set forth in Section 7.2, and specifying any such non-satisfied conditions. Any Lender

delivering any such notice shall become a non-funding Lender (a "**Non-Funding Lender**") for purposes of this Agreement commencing on the Business Day following receipt by Agent of such notice, and shall cease to be a Non-Funding Lender on the date on which such Lender has either revoked the effectiveness of such notice or acknowledged in writing to each of Agent the satisfaction of the condition(s) specified in such notice, or Required Lenders waive the conditions to the funding of such Loans giving rise to such notice by Non-Funding Lender. Each Non-Funding Lender shall remain a Lender for purposes of this Agreement to the extent that such Non-Funding Lender has Revolving Loans Outstanding in excess of $0; *provided*, *however*, that during any period of time that any Non-Funding Lender exists, and notwithstanding any provision to the contrary set forth herein, the following provisions shall apply:

(a) For purposes of determining the Pro Rata Share of each Revolving Lender under clause (b) of the definition of such term, each Non-Funding Lender shall be deemed to have a Revolving Loan Commitment Amount as in effect immediately before such Lender became a Non-Funding Lender.

(b) Except as provided in clause (a) above, the Revolving Loan Commitment Amount of each Non-Funding Lender shall be deemed to be $0.

(c) The Revolving Loan Commitment at any date of determination during such period shall be deemed to be equal to the sum of (i) the aggregate Revolving Loan Commitment Amounts of all Lenders, other than the Non-Funding Lenders as of such date plus (ii) the aggregate Revolving Loan Outstandings of all Non-Funding Lenders as of such date.

(d) Agent shall have no right to make or disburse Revolving Loans for the account of any Non-Funding Lender pursuant to Section 2.1(b)(i) to pay interest, fees, expenses and other charges of any Credit Party, other than reimbursement obligations that have arisen pursuant to Section 2.5(c) in respect of Letters of Credit issued at the time such Non-Funding Lender was not then a Non-Funding Lender.

(e) Agent shall have no right to (i) make or disburse Revolving Loans as provided in Section 2.1(b)(i) for the account of any Revolving Lender that was a Non-Funding Lender at the time of issuance of any Letter of Credit for which funding or reimbursement obligations have arisen pursuant to Section 2.5(c), or (ii) assume that any Revolving Lender that was a Non-Funding Lender at the time of issuance of such Letter of Credit will fund any portion of the Revolving Loans to be funded pursuant to Section 2.5(c) in respect of such Letter of Credit. In addition, no Revolving Lender that was a Non-Funding Lender at the time of issuance of any Letter of Credit for which funding or reimbursement obligations have arisen pursuant to Section 2.5(c), shall have an obligation to fund any portion of the Revolving Loans to be funded pursuant to Section 2.5(c) in respect to such Letter of Credit, or to make any payment to Agent or the L/C Issuer, as applicable, under Section 2.5(f)(ii) in respect of such Letter of Credit, or be deemed to have purchased any interest or participation in such Letter of Credit from Agent or the L/C Issuer, as applicable, under Section 2.5(f)(i).

(f) To the extent that Agent applies proceeds of Collateral or other payments received by Agent to repayment of Revolving Loans pursuant to Section 10.7, such payments

and proceeds shall be applied first in respect of Revolving Loans made at the time any Non-Funding Lenders exist, and second in respect of all other outstanding Revolving Loans.

Section 11.19 Buy-Out Upon Refinancing. MCF shall have the right to purchase from the other Lenders all of their respective interests in the Loan at par in connection with any refinancing of the Loan upon one or more new economic terms, but which refinancing is structured as an amendment and restatement of the Loan rather than a payoff of the Loan.

ARTICLE 12 - MISCELLANEOUS

Section 12.1 Survival. All agreements, representations and warranties made herein and in every other Financing Document shall survive the execution and delivery of this Agreement and the other Financing Documents and the other Operative Documents. The provisions of Section 2.10 and Articles 11 and 12 shall survive the payment of the Obligations (both with respect to any Lender and all Lenders collectively) and any termination of this Agreement and any judgment with respect to any Obligations, including any final foreclosure judgment with respect to any Security Document, and no unpaid or unperformed, current or future, Obligations will merge into any such judgment.

Section 12.2 No Waivers. No failure or delay by Agent or any Lender in exercising any right, power or privilege under any Financing Document shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein and therein provided shall be cumulative and not exclusive of any rights or remedies provided by law. Any reference in any Financing Document to the "continuing" nature of any Event of Default shall not be construed as establishing or otherwise indicating that any Borrower or any other Credit Party has the independent right to cure any such Event of Default, but is rather presented merely for convenience should such Event of Default be waived in accordance with the terms of the applicable Financing Documents.

Section 12.3 Notices.

(a) All notices, requests and other communications to any party hereunder shall be in writing (including prepaid overnight courier, facsimile transmission or similar writing) and shall be given to such party at its address, facsimile number or e-mail address set forth on the signature pages hereof (or, in the case of any such Lender who becomes a Lender after the date hereof, in an assignment agreement or in a notice delivered to Borrower Representative and Agent by the assignee Lender forthwith upon such assignment) or at such other address, facsimile number or e-mail address as such party may hereafter specify for the purpose by notice to Agent and Borrower Representative; *provided*, *however*, that notices, requests or other communications shall be permitted by electronic means only in accordance with the provisions of Section 12.3(b) and (c). Each such notice, request or other communication shall be effective (i) if given by facsimile, when such notice is transmitted to the facsimile number specified by this Section and the sender receives a confirmation of transmission from the sending facsimile machine, or (ii) if given by mail, prepaid overnight courier or any other means, when received or when receipt is refused at the applicable address specified by this Section 12.3(a).

(b) Notices and other communications to the parties hereto may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved from time to time by Agent, *provided*, *however*, that the foregoing shall not apply to notices sent directly to any Lender if such Lender has notified Agent that it is incapable of receiving notices by electronic communication. Agent or Borrower Representative may, in their discretion, agree to accept notices and other communications to them hereunder by electronic communications pursuant to procedures approved by it, *provided*, *however*, that approval of such procedures may be limited to particular notices or communications.

(c) Unless Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgment), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor, *provided*, *however*, that if any such notice or other communication is not sent or posted during normal business hours, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day.

Section 12.4 Severability. In case any provision of or obligation under this Agreement or any other Financing Document shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

Section 12.5 Headings. Headings and captions used in the Financing Documents (including the Exhibits, Schedules and Annexes hereto and thereto) are included for convenience of reference only and shall not be given any substantive effect.

Section 12.6 Confidentiality.

(a) Each Credit Party agrees (i) not to transmit or disclose provisions of any Financing Document to any Person (other than to Borrowers' advisors and officers on a need-to-know basis or as otherwise may be required by Law) without Agent's prior written consent, and (ii) to inform all Persons of the confidential nature of the Financing Documents and to direct them not to disclose the same to any other Person and to require each of them to be bound by these provisions.

(b) Agent and each Lender shall hold all non-public information regarding the Credit Parties and their respective businesses identified as such by Borrowers and obtained by Agent or any Lender pursuant to the requirements hereof in accordance with such Person's customary procedures for handling information of such nature, except that disclosure of such information may be made (i) on a confidential basis, to their respective agents, employees, Subsidiaries, Affiliates, attorneys, auditors, professional consultants, rating agencies, insurance industry associations and portfolio management services (it being understood that such Persons

to whom such disclosure is made will be informed of the confidential nature of such information and be instructed to keep such information confidential), (ii) to prospective transferees or purchasers of any interest in the Loans, Agent or a Lender, *provided*, *however*, that any such Persons are bound by obligations of confidentiality substantially the same as set forth in this section, (iii) as required by Law, subpoena, judicial order or similar order and in connection with any litigation (in which case Agent or the applicable Lender agrees to inform the Credit Parties promptly thereof prior to such disclosure, to the extent not prohibited by law, rule or regulation), (iv) as may be required in connection with the examination, audit or similar investigation of such Person, and (v) on a confidential basis, to a Person that is a trustee, investment advisor or investment manager, collateral manager, servicer, noteholder or secured party in a Securitization (as hereinafter defined) in connection with the administration, servicing and reporting on the assets serving as collateral for such Securitization (it being understood that such Persons to whom such disclosure is made will be informed of the confidential nature of such information and be instructed to keep such information confidential). For the purposes of this Section, "**Securitization**" shall mean (A) the pledge of the Loans as collateral security for loans to a Lender, or (B) a public or private offering by a Lender or any of its Affiliates or their respective successors and assigns, of securities which represent an interest in, or which are collateralized, in whole or in part, by the Loans. Confidential information shall not include information that either: (y) is in the public domain, or becomes part of the public domain after disclosure to such Person through no fault of such Person, or (z) is disclosed to such Person by a Person other than a Credit Party, *provided*, *however*, Agent does not have actual knowledge that such Person is prohibited from disclosing such information. After the Closing Date, confidential information shall include only information identified as such at the time provided to Agent. The obligations of Agent and Lenders under this Section 12.6 shall supersede and replace the obligations of Agent and Lenders under any confidentiality agreement in respect of this financing executed and delivered by Agent or any Lender prior to the date hereof.

Section 12.7 Waiver of Consequential and Other Damages. To the fullest extent permitted by applicable law, no party hereto shall assert, and each party hereto hereby waives, any claim against any party hereto (including, with respect to Agent and Lenders, the Indemnitees (as defined below), on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of this Agreement, any other Financing Document or any agreement or instrument contemplated hereby or thereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof; *provided*, that nothing in this Section 12.7 shall relieve the Borrowers of any obligation they may have to indemnify an Indemnitee against special, indirect, consequential or punitive damages asserted against such Indemnitee by a third party. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Financing Documents or the transactions contemplated hereby or thereby.

Section 12.8 GOVERNING LAW; SUBMISSION TO JURISDICTION.

(a) THIS AGREEMENT, EACH NOTE AND EACH OTHER FINANCING DOCUMENT, AND ALL DISPUTES AND OTHER MATTERS RELATING HERETO OR THERETO OR ARISING THEREFROM (WHETHER SOUNDING IN CONTRACT LAW,

TORT LAW OR OTHERWISE), SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THAT WOULD APPLY A DIFFERENT LAW.

(b) EACH PARTY HERETO HEREBY CONSENTS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN THE BOROUGH OF MANHATTAN, CITY OF NEW YORK, STATE OF NEW YORK AND IRREVOCABLY AGREES THAT, SUBJECT TO AGENT'S ELECTION, ALL ACTIONS OR PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE OTHER FINANCING DOCUMENTS SHALL BE LITIGATED IN SUCH COURTS. EACH PARTY HERETO EXPRESSLY SUBMITS AND CONSENTS TO THE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS. EACH PARTY HERETO HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS AND AGREES THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE UPON SUCH PERSON BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, ADDRESSED TO SUCH PERSON AT THE ADDRESS SET FORTH IN THIS AGREEMENT AND SERVICE SO MADE SHALL BE COMPLETE TEN (10) DAYS AFTER THE SAME HAS BEEN POSTED.

(c) Each Borrower, Agent and each Lender agree that each Loan (including those made on the Closing Date) shall be deemed to be made in, and the transactions contemplated hereunder and in any other Financing Document shall be deemed to have been performed in, the State of New

York.

Section 12.9 WAIVER OF JURY TRIAL. **EACH BORROWER, AGENT AND LENDERS HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THE FINANCING DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. EACH BORROWER, AGENT AND EACH LENDER ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT AND THE OTHER FINANCING DOCUMENTS, AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN THEIR RELATED FUTURE DEALINGS. EACH BORROWER, AGENT AND EACH LENDER WARRANTS AND REPRESENTS THAT IT HAS HAD THE OPPORTUNITY OF REVIEWING THIS JURY WAIVER WITH LEGAL COUNSEL, AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS.**

Section 12.10 Publication; Advertisement.

(a) Publication. No Credit Party will directly or indirectly publish, disclose or otherwise use in any public disclosure, advertising material, promotional material, press release or interview, any reference to the name, logo or any trademark of MCF or any of its Affiliates or any reference to this Agreement or the financing evidenced hereby, in any case except (i) as

required by Law, subpoena or judicial or similar order, in which case the applicable Credit Party shall give Agent prior written notice of such publication or other disclosure (other than filings made with the SEC as required by Law, which a Credit Party may make without such notice), or (ii) with MCF's prior written consent.

(b) Advertisement. Each Lender and each Credit Party hereby authorizes MCF to publish the name of such Lender and Credit Party, the existence of the financing arrangements referenced under this Agreement, the primary purpose and/or structure of those arrangements, the amount of credit extended under each facility, the title and role of each party to this Agreement, and the total amount of the financing evidenced hereby in any "tombstone", comparable advertisement or press release which MCF elects to submit for publication. In addition, each Lender and each Credit Party agrees that MCF may provide lending industry trade organizations with information necessary and customary for inclusion in league table measurements after the Closing Date. With respect to any of the foregoing, MCF shall provide Borrowers with an opportunity to review and confer with MCF regarding the contents of any such tombstone, advertisement or information, as applicable, prior to its submission for publication and, following such review period, MCF may, from time to time, publish such information in any media form desired by MCF, until such time that Borrowers shall have requested MCF cease any such further publication.

Section 12.11 Counterparts; Integration. This Agreement and the other Financing Documents may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Signatures by facsimile or by electronic mail delivery of an electronic version of any executed signature page shall bind the parties hereto. This Agreement and the other Financing Documents constitute the entire agreement and understanding among the parties hereto and supersede any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

Section 12.12 No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

Section 12.13 Lender Approvals. Unless expressly provided herein to the contrary, any approval, consent, waiver or satisfaction of Agent or Lenders with respect to any matter that is the subject of this Agreement, the other Financing Documents may be granted or withheld by Agent and Lenders in their sole and absolute discretion and credit judgment.

Section 12.14 Expenses; Indemnity

(a) Borrowers hereby agree to promptly pay (i) all reasonable and documented out-of-pocket costs and expenses of Agent (including, without limitation, the reasonable and documented out-of-pocket fees, costs and expenses of one counsel to, and independent appraisers and consultants retained by Agent) in connection with the examination, review, due diligence investigation, documentation, negotiation, closing and syndication of the transactions contemplated by the Financing Documents, in connection with the performance by

Agent of its rights and remedies under the Financing Documents and in connection with the continued administration of the Financing Documents including (A) any amendments, modifications, consents and waivers to and/or under any and all Financing Documents, and (B) any periodic public record searches conducted by or at the request of Agent (including, without limitation, title investigations, UCC searches, fixture filing searches, judgment, pending litigation and tax lien searches and searches of applicable corporate, limited liability, partnership and related records concerning the continued existence, organization and good standing of certain Persons); (ii) without limitation of the preceding clause (i), all reasonable and documented out-of-pocket costs and expenses of Agent in connection with the creation, perfection and maintenance of Liens pursuant to the Financing Documents; (iii) without limitation of the preceding clause (i), all reasonable and documented out-of-pocket costs and expenses of Agent in connection with (A) protecting, storing, insuring, handling, maintaining or selling any Collateral, (B) any litigation, dispute, suit or proceeding relating to any Financing Document, and (C) any workout, collection, bankruptcy, insolvency and other enforcement proceedings under any and all of the Financing Documents; (iv) without limitation of the preceding clause (i), all reasonable and documented out-of-pocket costs and expenses of Agent in connection with Agent's reservation of funds in anticipation of the funding of the initial Loans to be made hereunder; and (v) all costs and expenses incurred by Lenders in connection with any litigation, dispute, suit or proceeding relating to any Financing Document and in connection with any workout, collection, bankruptcy, insolvency and other enforcement proceedings under any and all Financing Documents, whether or not Agent or Lenders are a party thereto.

(b) Each Borrower hereby agrees to indemnify, pay and hold harmless Agent and Lenders and the officers, directors, employees, trustees, agents, investment advisors and investment managers, collateral managers, servicers, and counsel of Agent and Lenders (collectively called the "**Indemnitees**") from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including the fees and disbursements of counsel for such Indemnitee) in connection with any investigative, response, remedial, administrative or judicial matter or proceeding, whether or not such Indemnitee shall be designated a party thereto and including any such proceeding initiated by or on behalf of a Credit Party, and the reasonable expenses of investigation by engineers, environmental consultants and similar technical personnel and any commission, fee or compensation claimed by any broker (other than any broker retained by Agent or Lenders) asserting any right to payment for the transactions contemplated hereby, which may be imposed on, incurred by or asserted against such Indemnitee as a result of or in connection with the transactions contemplated hereby or by the other Operative Documents (including (i)(A) as a direct or indirect result of the presence on or under, or escape, seepage, leakage, spillage, discharge, emission or release from, any property now or previously owned, leased or operated by Borrower, any Subsidiary or any other Person of any Hazardous Materials, (B) arising out of or relating to the offsite disposal of any materials generated or present on any such property, or (C) arising out of or resulting from the environmental condition of any such property or the applicability of any governmental requirements relating to Hazardous Materials, whether or not occasioned wholly or in part by any condition, accident or event caused by any act or omission of Borrower or any Subsidiary, in each case, to the extent resulting from or in connection with the transactions contemplated hereby or by the other Operative Documents and (ii) proposed and actual extensions of credit under this Agreement) and the use or intended use of the proceeds of the Loans and Letters of

Credit, except that Borrower shall have no obligation hereunder to an Indemnitee with respect to any liability resulting from the gross negligence or willful misconduct of such Indemnitee, as determined by a final non-appealable judgment of a court of competent jurisdiction. To the extent that the undertaking set forth in the immediately preceding sentence may be unenforceable, Borrower shall contribute the maximum portion which it is permitted to pay and satisfy under applicable Law to the payment and satisfaction of all such indemnified liabilities incurred by the Indemnitees or any of them.

(c) Notwithstanding any contrary provision in this Agreement, the obligations of Borrowers under this Section 12.14 shall survive the payment in full of the Obligations and the termination of this Agreement. NO INDEMNITEE SHALL BE RESPONSIBLE OR LIABLE TO BORROWERS OR TO ANY OTHER PARTY TO ANY FINANCING DOCUMENT, ANY SUCCESSOR, ASSIGNEE OR THIRD PARTY BENEFICIARY OR ANY OTHER PERSON ASSERTING CLAIMS DERIVATIVELY THROUGH SUCH PARTY, FOR INDIRECT, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES WHICH MAY BE ALLEGED AS A RESULT OF CREDIT HAVING BEEN EXTENDED, SUSPENDED OR TERMINATED UNDER THIS AGREEMENT OR ANY OTHER FINANCING DOCUMENT OR AS A RESULT OF ANY OTHER TRANSACTION CONTEMPLATED HEREUNDER OR THEREUNDER.

Section 12.15 Reserved.

Section 12.16 Reinstatement. This Agreement shall remain in full force and effect and continue to be effective should any petition or other proceeding be filed by or against any Credit Party for liquidation or reorganization, should any Credit Party become insolvent or make an assignment for the benefit of any creditor or creditors or should an interim receiver, receiver, receiver and manager or trustee be appointed for all or any significant part of any Credit Party's assets, and shall continue to be effective or to be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a fraudulent preference reviewable transaction or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

Section 12.17 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Borrowers and Agent and each Lender and their respective successors and permitted assigns.

Section 12.18 USA PATRIOT Act Notification. Agent (for itself and not on behalf of any Lender) and each Lender hereby notifies Borrowers that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record certain information and documentation that identifies Borrowers, which information includes the name and address of Borrower and such other information that will allow Agent or such Lender, as applicable, to identify Borrowers in accordance with the USA PATRIOT Act.

[**SIGNATURES APPEAR ON FOLLOWING PAGE(S)**]

IN WITNESS WHEREOF, intending to be legally bound, each of the parties has caused this Agreement to be executed the day and year first above mentioned.

SIGNATURE PAGE TO CREDIT AND SECURITY AGREEMENT

BORROWER REPRESENTATIVE:

ACCURAY INCORPORATED, a Delaware corporation

By: /s/ Kevin Waters
Kevin Waters
Chief Financial Officer

Address:

1310 Chesapeake Terrace
Sunnyvale, California 94089
Attn: Kevin Waters
Facsimile: (408) 716-4601
E-Mail: kwaters@accuray.com

SIGNATURE PAGE TO CREDIT AND SECURITY AGREEMENT

OTHER BORROWERS:

TOMOTHERAPY INCORPORATED, a Wisconsin corporation

By: /s/ Kevin Waters
Kevin Waters
Director

SIGNATURE PAGE TO CREDIT AND SECURITY AGREEMENT

AGENT:

MIDCAP FINANCIAL TRUST, as Agent

By: Apollo Capital Management, L.P.
Its: Investment Manager

By: Apollo Capital Management GP, LLC
Its: General Partner

By: /s/ Maurice Amsellem
Maurice Amsellem
Authorized Signatory

Address:

c/o MidCap Financial Services, LLC, as servicer
7255 Woodmont Avenue, Suite 200
Bethesda, Maryland 20814
Attn: Account Manager for Accuray transaction
Facsimile: 301-941-1450
E-mail: notices@midcapfinancial.com

with a copy to:

c/o MidCap Financial Services, LLC, as servicer
7255 Woodmont Avenue, Suite 200
Bethesda, Maryland 20814
Attn: General Counsel
Facsimile: 301-941-1450
E-mail: legalnotices@midcapfinancial.com

Payment Account Designation

Wells Fargo Bank, N.A. (McLean, VA)
ABA #: [*****]
Account Name: MidCap Funding IV Trust — Collections
Account #: [*****]
Attention: Accuray

SIGNATURE PAGE TO CREDIT AND SECURITY AGREEMENT

LENDER:

MIDCAP FINANCIAL TRUST, as Lender

By: Apollo Capital Management, L.P.
Its: Investment Manager

By: Apollo Capital Management GP, LLC
Its: General Partner

By: /s/ Maurice Amsellem
Maurice Amsellem
Authorized Signatory

Address:

c/o MidCap Financial Services, LLC, as servicer
7255 Woodmont Avenue, Suite 200
Bethesda, Maryland 20814
Attn: Account Manager for Accuray transaction
Facsimile: 301-941-1450
E-mail: notices@midcapfinancial.com

with a copy to:

c/o MidCap Financial Services, LLC, as servicer
7255 Woodmont Avenue, Suite 200
Bethesda, Maryland 20814
Attn: General Counsel
Facsimile: 301-941-1450
E-mail: legalnotices@midcapfinancial.com

SIGNATURE PAGE TO CREDIT AND SECURITY AGREEMENT

ANNEXES, EXHIBITS AND SCHEDULES

ANNEXES

Annex A	Commitment Annex

EXHIBITS

Exhibit A	Reserved
Exhibit B	Form of Compliance Certificate
Exhibit C	Borrowing Base Certificate
Exhibit D	Form of Notice of Borrowing

SCHEDULES

Schedule 3.1	Existence, Organizational ID Numbers, Foreign Qualification, Prior Names
Schedule 3.4	Capitalization
Schedule 3.6	Litigation
Schedule 3.15	Brokers
Schedule 3.17	Material Contracts
Schedule 3.18	Environmental Compliance
Schedule 3.19	Intellectual Property
Schedule 4.9	Litigation, Governmental Proceedings and Other Notice Events
Schedule 5.1	Debt; Contingent Obligations
Schedule 5.2	Liens
Schedule 5.7	Permitted Investments
Schedule 5.8	Affiliate Transactions
Schedule 5.14	Deposit Accounts and Securities Accounts
Schedule 7.4	Post-Closing Requirements
Schedule 9.1	Collateral
Schedule 9.2	Location of Collateral

ANNEX A TO CREDIT AGREEMENT (COMMITMENT ANNEX)

Lender		Revolving Loan Commitment Amount	Revolving Loan Commitment Percentage
MidCap Financial Trust	$	52,000,000	100%
TOTALS	$	52,000,000	100%

EXHIBIT A TO CREDIT AGREEMENT

RESERVED

EXHIBIT B TO CREDIT AGREEMENT (COMPLIANCE CERTIFICATE)

COMPLIANCE CERTIFICATE

Date: , 20

This Compliance Certificate is given by , a Responsible Officer of **ACCURAY INCORPORATED** (the "**Borrower Representative**"), pursuant to that certain Credit and Security Agreement dated as of June 14, 2017 among the Borrower Representative, TomoTherapy Incorporated and any additional Borrower that may hereafter be added thereto (collectively, "**Borrowers**"), MidCap Funding IV Trust (as successor by assignment from MidCap Financial Trust), individually as a Lender and as Agent, and the financial institutions or other entities from time to time parties hereto, each as a Lender (as such agreement may have been amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"). Capitalized terms used herein without definition shall have the meanings set forth in the Credit Agreement.

The undersigned Responsible Officer hereby certifies to Agent and Lenders that:

(a) the financial statements delivered with this certificate in accordance with Section 4.1 of the Credit Agreement fairly present in all material respects the results of operations and financial condition of Borrowers and their Consolidated Subsidiaries as of the dates and the accounting period covered by such financial statements;

(b) I have reviewed the terms of the Credit Agreement and have made, or caused to be made under my supervision, a review in reasonable detail of the transactions and conditions of Borrowers and their Consolidated Subsidiaries during the accounting period covered by such financial statements and such review has not disclosed the existence during or at the end of such accounting period, and I have no knowledge of the existence as of the date hereof, of any condition or event that constitutes a Default or an Event of Default, except as set forth in Schedule 1 hereto, which includes a description of the nature and period of existence of such Default or an Event of Default and what action Borrowers have taken, are undertaking and propose to take with respect thereto;

(c) except as noted on Schedule 2 attached hereto, the Credit Agreement contains a complete and accurate list of all business locations of Borrowers and Guarantors and all names under which Borrowers and Guarantors currently conduct business; Schedule 2 specifically notes any changes in the names under which any Borrower or Guarantor conduct business;

(d) except as noted on Schedule 3 attached hereto, the undersigned has no knowledge of (i) any federal or state tax liens having been filed against any Borrower, Guarantor or any Collateral or (ii) any failure of any Borrower or Guarantors to make required payments of withholding or other tax obligations of any Borrower or Guarantors during the accounting period to which the attached statements pertain or any subsequent period.

(e) Schedule 5.14 to the Credit Agreement contains a complete and accurate statement of all Deposit Accounts and Securities Accounts maintained by Borrowers and Guarantors;

(f) except as noted on Schedule 4 attached hereto and Schedule 3.6 to the Credit Agreement, the undersigned has no knowledge of any current, pending or threatened: (i) litigation against any Borrower or Guarantor; (ii) inquiries, investigations or proceedings concerning the business affairs, practices or reimbursement entitlements of any Borrower or Guarantor; or (iii) any default by any Borrower or Guarantor under any Material Contract to which it is a party.

(g) except as noted on Schedule 5 attached hereto, Schedule 3.19 to the Credit Agreement is true and correct in all material respects.

(j) except as noted on Schedule 6 attached hereto, no Borrower or Guarantor has acquired, by purchase or otherwise, any Chattel Paper, Letter-of-Credit Rights, Instruments, or Investment Property (in each case, to the extent not an Excluded Perfection Asset) that has not previously been reported to Agent on any Schedule 6 to any previous Compliance Certificate delivered by Borrower Representative to Agent.

(k) except as noted on Schedule 7 attached hereto, no Borrower or Guarantor is aware of any commercial tort claim (other than an Excluded Perfection Asset) that has not previously been reported to Agent on any Schedule 7 to any previous Compliance Certificate delivered by Borrower Representative to Agent.

(l) Borrowers and Guarantors (if any) are in compliance with the covenants contained in Article 6 of the Credit Agreement, as demonstrated by the calculation of such covenants below, except as set forth below; in determining such compliance, the following calculations have been made: [See attached worksheets]. Such calculations and the certifications contained therein are true, correct and complete in all material respects.

The foregoing certifications and computations are made as of , 20 (end of month) and as of , 20 .

Sincerely,

ACCURAY INCORPORATED

By: _____
Name: _____
Title: _____

EBITDA Worksheet (Attachment to Compliance Certificate)

EBITDA for the applicable Defined Period is calculated as follows:		
Net income (or loss) for the Defined Period of Borrowers and their Consolidated Subsidiaries, but excluding: (a) the income (or loss) of any Person (other than Subsidiaries of Borrowers) in which Borrowers or any of their Subsidiaries has an ownership interest unless received by Borrower or their Subsidiary in a cash distribution; and (b) except as expressly provided in the last paragraph of this worksheet, the income (or loss) of any Person accrued prior to the date it became a Subsidiary of Borrowers or is merged into or consolidated with Borrowers		$
Plus:	without duplication, the sum of the following amounts for such Defined Period to the extent deducted from the calculation of net income for such Defined Period:	
(a)	Any provision for income, profits, capital gain and franchise taxes deducted in the determination of net income for the Defined Period	$
(b)	Interest expense, net of interest income, deducted in the determination of net income for the Defined Period	$
(c)	Amortization and depreciation deducted in the determination of net income for the Defined Period	$
(d)	Losses from extraordinary items	$
(e)	The aggregate net loss on the disposition of property (other than Accounts and Inventory) outside the Ordinary Course of Business	$
(f)	Fees or expenses paid in connection with the execution and delivery of the Operative Documents on the Closing Date, to the extent paid in cash during such period (and not capitalized in accordance with GAAP), in an aggregate amount not to exceed $[*****] during the term of the Credit Agreement	$

[*****] Asterisks indicate that confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

(g)	Other non-cash expenditures, charges or losses for such period (including, without limitation, non-cash adjustments resulting from the application of purchase accounting, non-cash expenses or charges arising from grants of performance-based stock units, stock appreciation rights, stock options or restricted stock, non-cash impairment of good will and other long term intangible assets and unrealized non-cash losses under hedging agreements), but excluding any non-cash expenditure, charge or loss relating to write-offs, write-downs or reserves with respect to Accounts and Inventory	$
(h)	Contingent obligations, purchase price adjustments, milestone payments, earn-out payments and indemnity obligations incurred in connection with any Permitted Acquisition, in each case, in an aggregate amount not to exceed the amount approved in writing by Agent prior to the date on which the financial statements for such period are required to be delivered to Agent and Lenders pursuant to Section 4.1 of the Credit Agreement	$
(i)	Accruals, fees, payments and expenses (including legal, tax, structuring and other costs and expenses) incurred by Borrowers or their respective Subsidiaries in connection with any Permitted Acquisition or other Investment (including, without limitation, changes, alterations, renovations and improvements to assets or property that were acquired in such Permitted Acquisition or Investment undertaken after consummation of such Permitted Acquisition or Investment) or debt or equity issuance or any refinancing transactions or amendment, waiver or other modification of any debt instrument that are payable to unaffiliated third parties or any disposition not in the Ordinary Course of Business, in each case, incurred for	$

	such period solely to the extent attributable to any relevant transaction permitted by the Credit Agreement (regardless of whether or not consummated), in each case, in an aggregate amount not to exceed the amount approved in writing by Agent prior to the date on which the financial statements for such period are required to be delivered to Agent and Lenders pursuant to Section 4.1 of the Credit Agreement	
(j)	Losses from foreign exchange translation adjustment	$

(k)	Unusual, one-time or non-recurring charges and expenses, including non-recurring legal expenses and non-recurring severance, restructuring, integration or similar charges, in each case, incurred during such period in respect of restructurings, plant closings, headcount reductions or other similar actions taken during such period, including relocation costs, business process optimizations, integration costs, signing costs, retention or completion bonuses, employee replacement costs, transition costs, costs related to opening, closure and/or consolidation of facilities, severance charges in respect of employee terminations, and start-up losses related to new business ventures; provided that in no event shall the aggregate amount added to EBITDA under this clause in any Defined Period exceed $[*****] (or such higher amount approved in writing by Agent prior to the date on which financial statements for such period are required to be delivered to Agent and Lenders pursuant to Section 4.1 of the Credit Agreement)	$
Minus:	without duplication, the sum of the following amounts for such Defined Period to the extent included in the calculation of such net income for such Defined Period:	$
(a)	Any credit for income, profits, capital gain and franchise taxes deducted in the determination of net income for the Defined Period	$
(b)	Any gain from extraordinary items	$
(c)	Any aggregate net gain from the disposition of property (other than Accounts and Inventory) outside the ordinary course of business	$
(d)	Any gains from foreign exchange translation adjustment	$
(e)	Any other non-cash gain	$
EBITDA for the Defined Period:		$

The parties hereto agree that EBITDA for the fiscal quarter ending (i) on September 30, 2016 shall be deemed to be $[*****], (ii) on December 31, 2016 shall be deemed to be $[*****], and (iii) on March 31, 2017 shall be deemed to be $[*****].

For purposes of calculating EBITDA pursuant to this worksheet, if any Borrower or a Consolidated Subsidiary consummates a Permitted Acquisition (or, in the case of a Consolidated Subsidiary that is not a Borrower, an acquisition that satisfies the definition of Permitted

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[*****] Asterisks indicate that confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

Acquisition as if such Consolidated Subsidiary was subject thereto) during the Defined Period, EBITDA shall be calculated after giving pro forma effect thereto, as if such Permitted Acquisition occurred on the first day of the Defined Period (provided that any pro forma adjustments set forth above shall be applied to the target of any Permitted Acquisition only to the extent reasonably acceptable to Agent based upon data presented to Agent to its reasonable satisfaction).

Fixed Charge Coverage Ratio Worksheet (Attachment to Compliance Certificate)

Fixed Charges for the applicable Defined Period is calculated as follows:		
Cash interest expense, net of cash interest income, included in the determination of net income of Borrowers and their Consolidated Subsidiaries for the Defined Period		$
Plus:	without duplication, the sum of the following amounts for such Defined Period:	
(a)	income, profits, capital gain and franchise taxes included in the determination of net income for the Defined Period *	$
(b)	Payments of principal for the Defined Period with respect to all Debt (including the portion of scheduled payments under capital leases allocable to principal excluding (A) repayments of Revolving Loans and other Permitted Debt subject to reborrowing to the extent not accompanied by a concurrent and permanent reduction of the Revolving Loan Commitment	$

	(or equivalent loan commitment), (B) repayments of the 2018 Convertible Notes and (C) repayments of any Permitted Intercompany Investments)	
(c)	Distributions paid in cash during the Defined Period (other than to the extent paid to a Borrower or Consolidated Subsidiary)	$
Fixed Charges for the applicable Defined Period:		$
Operating Cash Flow for the applicable Defined Period is calculated as follows:		
EBITDA for the Defined Period (calculated pursuant to the EBITDA Worksheet)		$
Minus:	Unfinanced Capital Expenditures for the Defined Period	$
Operating Cash Flow for the Defined Period:		$
Covenant Compliance:		
Fixed Charge Coverage Ratio (Ratio of Operating Cash Flow to Fixed Charges) for the Defined Period		to 1.0
Minimum Fixed Charge Coverage for the Defined Period		1.0 to 1.0

In Compliance	Yes/No

The parties hereto agree that Fixed Charges for the four-fiscal quarter period ending (i) on September 30, 2017 shall equal (x) Fixed Charges for the fiscal quarter then ending times (y) 4; (ii) on December 31, 2017 shall equal (x) Fixed Charges for the two-fiscal quarter period then ending times (y) 2; and (iii) March 31, 2018 shall equal (x) Fixed Charges for the three-fiscal quarter period then ending times (y) 4/3.

EXHIBIT C TO CREDIT AGREEMENT (BORROWING BASE CERTIFICATE)

EXHIBIT D TO CREDIT AGREEMENT (NOTICE OF BORROWING)

NOTICE OF BORROWING

This Notice of Borrowing is given by , a Responsible Officer of **ACCURAY INCORPORATED** (the "**Borrower Representative**"), pursuant to that certain Credit and Security Agreement dated as of June 14, 2017 among the Borrower Representative, TomoTherapy Incorporated and any additional Borrower that may hereafter be added thereto (collectively, "**Borrowers**"), MidCap Funding IV Trust (as successor by assignment from MidCap Financial Trust), individually as a Lender and as Agent, and the financial institutions or other entities from time to time parties hereto, each as a Lender (as such agreement may have been amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"). Capitalized terms used herein without definition shall have the meanings set forth in the Credit Agreement.

The undersigned Responsible Officer hereby gives notice to Agent of Borrower Representative's request to borrow $ of Revolving Loans on , 20 . Attached is a Borrowing Base Certificate complying in all respects with the Credit Agreement and confirming that, after giving effect to the requested advance, the Revolving Loan Outstandings will not exceed the Revolving Loan Limit.

The undersigned officer hereby certifies that, both before and after giving effect to the request above (a) each of the conditions precedent set forth in Section 7.2 of the Credit Agreement have been satisfied, (b) all of the representations and warranties contained in the Credit Agreement and the other Financing Documents are true, correct and complete in all material respects (except to the extent any representation or warranty is qualified by materiality, in which case it is true, correct and complete in all respects) as of the date hereof, except to the extent such representation or warranty relates to a specific date, in which case such representation or warranty is true, correct and complete as of such earlier date, and (c) no Default or Event of Default has occurred and is continuing on the date hereof.

IN WITNESS WHEREOF, the undersigned officer has executed and delivered this Notice of Borrowing this day of , 20 .

Sincerely,

ACCURAY INCORPORATED

By: _____
Name: _____
Title: _____

Schedule 3.1 — Existence, Organizational ID Numbers, Foreign Qualification, Prior Names

Borrower	Prior Names	Type of Entity/ State of Formation	States Qualified	State Org. ID Number	Federal Tax ID Number	Principal Place of Business (address)
Accuray Incorporated	None	Corporation / Delaware	Alabama Alaska Arizona Arkansas California Colorado Connecticut Delaware District of Columbia Florida Georgia Hawaii Illinois Indiana Iowa Kansas Kentucky Louisiana Maryland Massachusetts Michigan Minnesota Mississippi Missouri Montana Nebraska Nevada New Jersey New York North Carolina Ohio Pennsylvania Puerto Rico Rhode Island South Carolina Tennessee Texas Utah Virginia Washington West Virginia Wisconsin	3358338	20-8370041	1310 Chesapeake Terrace Sunnyvale, CA 94089
TomoTherapy Incorporated	None	Corporation / Wisconsin	Alabama Alaska Arizona Arkansas California Colorado Connecticut District of Columbia Florida Georgia Hawaii Illinois Indiana Iowa Kansas Kentucky Louisiana	T027694	39-1914727	1310 Chesapeake Terrace Sunnyvale, CA 94089

	Maryland Massachusetts Michigan Minnesota Mississippi Missouri		
	Montana Nebraska Nevada New Jersey New Mexico New York North Carolina North Dakota Ohio Oklahoma Oregon Pennsylvania Puerto Rico South Carolina South Dakota Tennessee Texas Utah Virginia Washington West Virginia Wisconsin Wyoming		

Schedule 3.4
Capitalization

Entity	Jurisdiction	Percentage Ownership	Direct Owner of Interests
Accuray International Sàrl	Switzerland	100%	Accuray Incorporated
Accuray Cayman Islands	Cayman Islands	100%	Accuray Incorporated
Morphormics, Inc.	United States	100%	Accuray Incorporated
Accuray Europe SAS	France	100%	Accuray International Sàrl
Accuray UK, Ltd.	United Kingdom	100%	Accuray International Sàrl
Accuray Spain SLU	Spain	100%	Accuray International Sàrl
Accuray Medical Equipment (Canada) Ltd.	Canada	100%	Accuray International Sàrl
Accuray Brasil Comércio, Importação e Exportação de Equipamentos Médicos Ltda.	Brazil	99%	Accuray International Sàrl
Accuray Brasil Comércio, Importação e Exportação de Equipamentos Médicos Ltda.	Brazil	1%	Accuray Incorporated

Entity	Jurisdiction	Percentage Ownership	Direct Owner of Interests
Accuray Medical Equipment (Rus) Limited Liability Company	Russia	99.5%	Accuray International Sàrl
Accuray Medical Equipment (Rus) Limited Liability Company	Russia	0.5%	Accuray Europe SAS
Accuray Medical Equipment GmbH	Germany	100%	Accuray International Sàrl
Accuray Asia Limited	Hong Kong	100%	Accuray International Sàrl
Accuray Japan K.K.	Japan	100%	Accuray International Sàrl
Accuray Medical Equipment (India) Private Ltd.	India	99%	Accuray International Sàrl
Accuray Medical Equipment (India) Private Limited	India	1%	Accuray Asia Limited
Accuray Mexico, S.A. de C.V.	Mexico	99%	Accuray International Sàrl
Accuray Mexico, S.A. de C.V.	Mexico	1%	Accuray Medical Equipment (Canada) Ltd.

Accuray Medical Equipment (Shanghai) Co., Ltd.	China	100%	Accuray International Sàrl

Entity	Jurisdiction	Percentage Ownership	Direct Owner of Interests
TomoTherapy Incorporated	United States	100%	Accuray Incorporated
TomoTherapy Europe Sàrl	Switzerland	100%	TomoTherapy Incorporated
Accuray Accelerator Technology (Chengdu) Company Ltd.	China	100%	TomoTherapy Incorporated
Accuray Belgium	Belgium	100%	TomoTherapy Europe Sàrl
Accuray Italy S.r.l.	Italy	100%	TomoTherapy Europe Sàrl
Accuray Netherlands B.V.	Netherlands	100%	TomoTherapy Europe Sàrl

Schedule 3.6
Litigation

None.

Schedule 3.15
Brokers Fees

Fees payable to J. Wood Capital Advisors, LLC in connection with closing the transactions contemplated to occur on the Closing Date.

Schedule 3.17
Material Contracts

- [*****]
- [*****]
- [*****]
- [*****]
- [*****]
- [*****]
- [*****]
- Patent License Agreement dated February 22, 1999, as amended, between TomoTherapy Incorporated and Wisconsin Alumni Research Foundation
- 3.50% Convertible Senior Notes due February 1, 2018, issued pursuant to the Indenture, dated as of February 13, 2013, between the Parent and The Bank of New York Mellon Trust Company, N.A., as trustee in the original principal amount of $115 million
- 3.50% Series A Convertible Senior Notes due February 1, 2018 issued pursuant to the Indenture, dated as of April 24, 2014, between the Parent and The Bank of New York Mellon Trust Company, N.A., as trustee in the original principal amount of $70.3 million
- [*****]
- [*****]

[*****] Asterisks indicate that confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

Agreement	Address of Subject Property	Base Rent
Office Lease between Adelphia, LLC and TomoTherapy Incorporated dated October 28, 2005, as amended	1209 Deming Way Madison, WI 53717	Rent: $14.00/RSF/yr.

		Rent Adjustment: $0.50/RSF/yr. beginning July 1, 2017 and on the same date each year thereafter Additional Rent: $6.36/RSF (subject to adjustment as described in the “Rent Adjustment” heading above)
Office Lease between Old Sauk Trails Park Limited Partnership and TomoTherapy Incorporated dated October 22, 2001, as amended	1240 Deming Way, Madison WI 53717	Rent: $16.00/RSF/yr. No base rent will be charged for July and August 2018 Rent Adjustment: $0.50/RSF/yr. beginning on July 1, 2017 and on the same date each year thereafter Additional Rent: $8.24/RSF/yr. (subject to adjustment as described in the “Rent Adjustment” heading above)
Standard Industrial Lease (Multiple Tenant — Tenant Pays its Percentage Share of Operating Expenses, Real Property Taxes and Insurance Costs — NO Base Year) between The Realty Associates Fund III, L.P. and Accuray Incorporated dated June 30 2005, as amended	1306-1310 Orleans Drive Sunnyvale, CA 94089	**Dates** / **Per SF/mo.** / **Monthly** 1/1/2017 to 12/31/2017: $ 1.409 / $ 70,425.90 1/1/2018 to 12/31/2018: $ 1.451 / $ 72,538.68
Industrial Complex Lease (California) between MP Caribbean, Inc. and Accuray Incorporated dated July 9, 2003, as amended	1310-1320 Chesapeake Terrace Sunnyvale, CA 94089	**Dates** / **Monthly Minimum Guaranteed Rental** 6/1/16 — 5/31/17: $ 280,858.75 6/1/17 — 5/31/18: $ 289,284.51 6/1/18 — 5/31/19: $ 297,963.05 6/1/19 — 5/31/20: $ 306,901.94 6/1/20 — 5/31/21: $ 316,109.00 6/1/21 — 5/31/22: $ 325,592.27 6/1/22 — 5/31/23: $ 335,360.04 6/1/23 — 12/31/23: $ 345,420.84
[*****]	[*****]	**Dates** / **Minimum Rental psf** / **Monthly Minimum Rental** / **Annual or Period Minimum Rental** [*****] / [*****] / [*****] / [*****] [*****] / [*****] / [*****] / [*****]
[*****]	[*****]	**Dates** / **Monthly Minimum Rental** [*****] / [*****] [*****] / [*****]
[*****]	[*****]	**Dates** / **Monthly Rent** / **Annual Base Rent** [*****] / [*****] / [*****] [*****] / [*****] / [*****]
[*****]	[*****]	[*****]

[*****] Asterisks indicate that confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

Schedule 3.18
Environmental Compliance

None.

Schedule 3.19
Intellectual Property

- Patent License Agreement dated February 22, 1999, as amended, between TomoTherapy Incorporated and Wisconsin Alumni Research Foundation
- License Agreement dated December 12, 2004 between Accuray Incorporated and [*****]

- Amended and Restated Limited Exclusive Sublicense and Cross-License Agreement between TomoTherapy Incorporated and [*****] dated April 20, 2012

- License Agreement between Accuray Incorporated, [*****] and [*****] dated August 23, 2006

- Supply Agreement between [*****] and Accuray Incorporated dated as of January 17, 2013

- Patent and Trademark License Agreement between [*****] and Accuray Incorporated dated as of November 29, 2006

[*****] Asterisks indicate that confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

Trademarks US/OUS - Pending

	MARK	DATE FILED	COUNTRY	STATUS	SERIAL NO.	REG NO.	REG DATE	CLASS(ES): CLASS CODE	OWNER
1	CYBERKNIFE	Jul 12, 2016	Canada	Pending	1,790,917			10	Accuray Incorporated
								42	
								9	
2	CYBERKNIFE	Sep 17, 2009	Iraq	Pending	54905			10	Accuray Incorporated
								9	
3	ACCURAY (STANDARD CHARACTERS)	Mar 14, 2016	China	Pending	19292055			009	Accuray Incorporated
4	ACCURAY (STANDARD CHARACTERS)	Mar 14, 2016	China	Pending				010	Accuray Incorporated
5	ACCURAY (STANDARD CHARACTERS)	Mar 14, 2016	China	Pending	19292055			44	Accuray Incorporated
								010	
6	ACCURAY (STANDARD CHARACTERS)	Feb 2, 2012	Brazil	Allowed	840016174	840016174	18-Feb-15	009	Accuray Incorporated
								010	
7	ACCURAY (STANDARD CHARACTERS)	Jul 15, 2016	Canada	Pending	1,791,705			009	Accuray Incorporated
								41	
8	ACCURAY (STANDARD CHARACTERS)	Jun 1, 2016	Hong Kong, SAR China	Pending	303794130			009	Accuray Incorporated
								010	
9	ACCURAY (STANDARD CHARACTERS)	Aug 4, 2010	India	Pending	2003494			009	Accuray Incorporated
								010	
10	ACCURAY (STANDARD CHARACTERS)	Sep 16, 2009	Iraq	Pending	54904			009	Accuray Incorporated
								010	
11	ACCURAY	Oct 21, 2005	China	Pending	896634			10	Accuray Incorporated
								9	
12	ACCURAY (STANDARD CHARACTERS)	Jun 20, 2016	Turkey	Pending	2016/54308			009	Accuray Incorporated
								010	
13	ACCURAY AND DESIGN OF NEW LOGO	Feb 17, 2016	European Union Intellectual Property Office	Pending				9	Accuray Incorporated
14	ACCURAY AND DESIGN OF NEW LOGO	Feb 11, 2016	United States of America	Allowed	86/904,926			9	Accuray Incorporated
								010	
								41	
								42	
15	TOMO	Mar 12, 2015	Russian Federation	Pending	2015706615			10	Accuray Incorporated
								9	
16	TOMOTHERAPY	May 26, 2016	Hong Kong, SAR China	Pending	303788678			10	Accuray Incorporated
								9	
17	ONRAD	Jun 19, 2015	China	Pending	17248954			10	Accuray Incorporated
								9	
18	RADIXACT	Sep 4, 2015	Canada	Allowed	1,744,763			10	Accuray Incorporated
								9	
19	RADIXACT	Aug 27, 2015	China	Pending	17765335			10	Accuray Incorporated
								9	
20	RADIXACT	May 25, 2016	Russian Federation	Pending	2016718486			10	Accuray Incorporated
								9	
21	PRECISION	Sep 16, 2015	Canada	Pending	1,746,346			9	Accuray Incorporated
22	PRECISION	Sep 6, 2015	China	Pending	1782589			9	Accuray Incorporated
23	PRECISION	Sep 2, 2015	European Union Intellectual Property Office	Pending	14519094			9	Accuray Incorporated
24	IDMS	Sep 16, 2015	Canada	Pending	1,746,347			9	Accuray Incorporated
25	IDMS	Sep 6, 2015	China	Pending	17825894			9	Accuray Incorporated
26	IDMS	Sep 1, 2015	United States of America	Pending	86/744,366			9	Accuray Incorporated
27	ACCURAY PRECISION	Jan 6, 2016	Canada	Pending	1,762,154			9	Accuray Incorporated
28	ACCURAY PRECISION	Jan 7, 2016	China	Pending	18815588			9	Accuray Incorporated
29	ACCURAY PRECISION	Jan 4, 2016	United States of America	Published	86/864,567			9	Accuray Incorporated
30	PRECISEART	Feb 12, 2016	Canada	Pending	1 767 695			9	Accuray Incorporated
31	PRECISEART	Feb 18, 2016	China	Pending	19112005			9	Accuray Incorporated
32	PRECISEART	Feb 22, 2016	European Union	Published	15131188			9	Accuray Incorporated

			Intellectual Property Office						
33	PRECISEART	Feb 11, 2016	United States of America	Published	86/904,966			9	Accuray Incorporated
34	PRECISERTX	Feb 12, 2016	Canada	Pending	1 767 696			9	Accuray Incorporated
35	PRECISERTX	Feb 18, 2016	Chile	Pending	19112004			9	Accuray Incorporated
36	PRECISERTX	Feb 11, 2016	United States of America	Published	86/904,972			9	Accuray Incorporated

Trademarks US/OUS - Registered

	MARK	DATE FILED	COUNTRY	STATUS	SERIAL NO.	REG NO.	REG DATE	CLASS(ES): CLASS CODE	OWNER
1	CYBERKNIFE	Nov 1, 1993	United States of America	Registered	74/452,587	2159142	May 19, 1998	10	Accuray Incorporated
2	CYBERKNIFE	Feb 18, 2008	Argentina	Registered	2804456	2271973	Feb 6, 2009	10	Accuray Incorporated
3	CYBERKNIFE	Feb 2, 2012	Brazil	Registered	840016158	840016158	Feb 18, 2015	10	Accuray Incorporated
4	CYBERKNIFE	Dec 30, 2008	Colombia	Registered	08137766	385786	Aug 26, 2009	10	Accuray Incorporated
5	CYBERKNIFE	Dec 6, 1999	European Union Intellectual Property Office	Registered	001412923	001412923	Feb 14, 2001	10	Accuray Incorporated
6	CYBERKNIFE	Aug 4, 2010	India	Registered	2003493	2003493	Aug 4, 2010	10	Accuray Incorporated
7	CYBERKNIFE	May 26, 2009	Iran	Registered	188030110	173757	Nov 27, 2010	10	Accuray Incorporated
8	CYBERKNIFE	Dec 3, 1999	Japan	Registered	11-11430	4619273	Nov 8, 2002	010	Accuray Incorporated
9	CYBERKNIFE	May 19,	Kuwait	Registered	103328	90404	May 19,	10	Accuray Incorporated
		2009					2009		
10	CYBERKNIFE	Oct 7, 2005	United States of America	Registered	A002761	868376	Oct 7, 2005	10	Accuray Incorporated
11	CYBERKNIFE	Oct 7, 2005	Australia	Registered	868376	868376	Oct 7, 2005	10	Accuray Incorporated
12	CYBERKNIFE	Oct 7, 2005	Switzerland	Registered	868376	868376	Oct 7, 2005	10	Accuray Incorporated
13	CYBERKNIFE	Oct 7, 2005	China	Registered	868376	868376	Oct 7, 2005	10	Accuray Incorporated
14	CYBERKNIFE	Oct 7, 2005	Korea (South)	Registered	868376	868376	Oct 7, 2005	10	Accuray Incorporated
15	CYBERKNIFE	Jan 25, 2013	Mexico	Registered	1343200	1362714	Apr 24, 2013	10	Accuray Incorporated
16	CYBERKNIFE	Oct 13, 2005	New Zealand	Registered	737078	737078	Apr 13, 2006	10	Accuray Incorporated
17	CYBERKNIFE	Jun 23, 2009	Paraguay	Registered	21219	334680	Jun 30, 2010	10	Accuray Incorporated
18	CYBERKNIFE	Jan 16, 2009	Russian Federation	Registered	2009700540	398317	Jan 15, 2010	10	Accuray Incorporated
19	CYBERKNIFE	Jun 30, 2009	Saudi Arabia	Registered	144956	1272/87	Aug 15, 2011	10	Accuray Incorporated
20	CYBERKNIFE	Oct 19, 2005	Taiwan, Republic of China	Registered	94050249	01223067	Aug 16, 2006	10	Accuray Incorporated
21	CYBERKNIFE	May 5, 2009	Ukraine	Registered	M 2009 05019	128118	Sep 10, 2010	10	Accuray Incorporated
22	CYBERKNIFE	Jul 13, 2009	Uruguay	Registered	403554	403554	Nov 4, 2011	10	Accuray Incorporated
23	SYNCHRONY	Jan 4, 2002	United States of America	Registered	76/355,129	3121089	Jul 25, 2006	009	Accuray Incorporated
24	ROBOCOUCH	Jun 30, 2004	United States of America	Registered	78/444,046	3303434	Oct 2, 2007	010	Accuray Incorporated
25	ROBOCOUCH	Dec 30, 2004	China	Registered	4443932	4443932	Aug 28, 2007	010	Accuray Incorporated
26	ROBOCOUCH	Dec 29, 2004	European Union Intellectual Property Office	Registered	4175329	4175329	Mar 1, 2006	010	Accuray Incorporated
27	ROBOCOUCH	Dec 28, 2004	Japan	Registered	2004-119115	4858059	Apr 15, 2005	010	Accuray Incorporated
28	AXUM	Oct 14, 2005	China	Registered	4943872	4943872	Sep 28, 2008	10	Accuray Incorporated
29	INVIEW	Aug 23, 2004	United States of America	Registered	78/471,678	3177967	Nov 28, 2006	9	Accuray Incorporated
30	MULTIPLAN	Apr 11, 2005	United States of America	Registered	76/635,460	3181425	Dec 5, 2006	009	Accuray Incorporated
31	MULTIPLAN	Oct 8, 2005	China	Registered	4932723	4932723	Sep 7,	009	Accuray Incorporated
							2008		
32	MULTIPLAN	Oct 9, 2005	European Union Intellectual Property Office	Registered	4643516	4643516	Oct 27, 2006	009	Accuray Incorporated
33	MULTIPLAN	Oct 11, 2005	Japan	Registered	2005-94669	4916041	Dec 16, 2005	009	Accuray Incorporated
34	MULTIPLAN	Oct 14, 2005	Japan	Registered	2005-96300	5001409	Nov 2, 2006	009	Accuray Incorporated
35	XSIGHT	Apr 11, 2005	United States of America	Registered	76/635,461	3298517	Sep 25, 2007	010	Accuray Incorporated
36	XSIGHT	Oct 19, 2006	European Union Intellectual Property Office	Registered	005399241	005399241	May 8, 2008	010	Accuray Incorporated
37	XSIGHT	Feb 26, 2009	Japan	Registered	2009-013714	5301276	Feb 12, 2010	010	Accuray Incorporated
38	XSIGHT (REG.NO 3496392)	Oct 11, 2006	United States of America	Registered	77/018,732	3496392	Sep 2, 2008	010	Accuray Incorporated
39	XSIGHT	Oct 11, 2006	United States of America	Registered	A0006096	923838	Oct 11, 2006	10	Accuray Incorporated
40	XSIGHT	Oct 11, 2006	China	Registered	G923838	923838	Oct 11, 2006	10	Accuray Incorporated
41	XSIGHT	Oct 11,	Korea (South)	Registered	923838	923838	Oct 11,	10	Accuray Incorporated
		2006					2006		
42	ACCURAY (STANDARD CHARACTERS)	Oct 13, 2005	United States of America	Registered	78/732,900	3306634	Oct 9, 2007	009	Accuray Incorporated
43	ACCURAY (STANDARD CHARACTERS)	Feb 18, 2008	Argentina	Registered	2804455	2414459	Dec 17, 2010	009	Accuray Incorporated
44	ACCURAY (STANDARD	Dec 30, 2008	Colombia	Registered	08137763	385785	Aug 26, 2009	009	Accuray Incorporated

	CHARACTERS)								
45	ACCURAY (STANDARD CHARACTERS)	Oct 15, 2005	European Union Intellectual Property Office	Registered	004655833	004655833	Oct 6, 2006	009	Accuray Incorporated
46	ACCURAY (STANDARD CHARACTERS)	May 26, 2009	Iran	Registered	188030112	217781	Sep 9, 2012	009	Accuray Incorporated
47	ACCURAY (STANDARD CHARACTERS)	Aug 28, 2008	Korea (South)	Registered	40-2008-42136	40-797598	Aug 11, 2009	009	Accuray Incorporated
48	ACCURAY (STANDARD CHARACTERS)	May 19, 2009	Kuwait	Registered	103329	90405	May 19, 2009	009	Accuray Incorporated
49	ACCURAY	Oct 21, 2005	United States of America	Registered	A0002860	896634	Oct 21, 2005	10	Accuray Incorporated
50	ACCURAY	Oct 21, 2005	Australia	Registered	896634	896634	Oct 21, 2005	10	Accuray Incorporated
51	ACCURAY	Oct 21, 2005	Switzerland	Registered	896634	896634	Oct 21, 2005	10	Accuray Incorporated
52	ACCURAY	Oct 21, 2005	Japan	Registered	896634	896634	Oct 21, 2005	10	Accuray Incorporated
53	ACCURAY	Oct 21, 2005	Korea (South)	Registered	896634	896634	Oct 21, 2005	10	Accuray Incorporated
54	ACCURAY (STANDARD CHARACTERS)	Oct 17, 2005	New Zealand	Registered	737214	737214	Jul 13, 2006	009	Accuray Incorporated
55	ACCURAY (STANDARD CHARACTERS)	Jun 23, 2009	Paraguay	Registered	21220	335824	Aug 3, 2010	009	Accuray Incorporated
56	ACCURAY (STANDARD CHARACTERS)	Jan 16, 2009	Russian Federation	Registered	2009700539	420624	Oct 15, 2010	009	Accuray Incorporated
57	ACCURAY (STANDARD CHARACTERS)	Jun 30, 2009	Saudi Arabia	Registered	144957	1272/86	Aug 15, 2011	009	Accuray Incorporated
58	ACCURAY (STANDARD CHARACTERS)	Oct 19, 2005	Taiwan, Republic of China	Registered	094050248	01213117	Jun 2, 2006	009	Accuray Incorporated
59	ACCURAY (STANDARD CHARACTERS)	May 5, 2009	Ukraine	Registered	M 2009 05020	128119	Sep 10, 2010	009	Accuray Incorporated
60	ACCURAY (STANDARD CHARACTERS)	Jul 13, 2009	Uruguay	Registered	403555	40355	Jun 13, 2012	009	Accuray Incorporated
61	ACCURAY AND DESIGN	Oct 13, 2005	United States of America	Registered	78/732,915	3378543	Feb 5, 2008	10	Accuray Incorporated
62	MISCELLANEOUS DESIGN (ACCURAY'S DESIGN)	Oct 13, 2005	United States of America	Registered	78/732,925	3306635	Oct 9, 2007	009	Accuray Incorporated
63	CYBERKNIFE UNIVERSITY	Oct 11, 2006	United States of America	Registered	77/018,644	3465111	Jul 15, 2008	41	Accuray Incorporated
64	XCHANGE	Sep 26, 2006	United States of America	Registered	77/007,570	3631869	Jun 2, 2009	10	Accuray Incorporated
65	XCHANGE	Sep 29, 2006	European Union Intellectual Property Office	Registered	005347257	005347257	Aug 30, 2007	10	Accuray Incorporated
66	XCHANGE	Sep 26, 2006	United States of America	Registered	A0005960	907679	Sep 26, 2006	10	Accuray Incorporated
67	XCHANGE	Sep 26, 2006	China	Registered	907679	907679	Sep 26, 2006	10	Accuray Incorporated
68	XCHANGE	Sep 26, 2006	Japan	Registered	907679	907679	Sep 26, 2006	10	Accuray Incorporated
69	XCHANGE	Sep 26, 2006	Korea (South)	Registered	907679	907679	Sep 26, 2006	10	Accuray Incorporated
70	ACCURAY CAPITAL	Aug 27, 2007	United States of America	Registered	77/265,531	3620082	May 12, 2009	36	Accuray Incorporated
71	CYBERKNIFE VSI	Mar 30, 2009	United States of America	Registered	77/702,437	3904968	Jan 11, 2011	10	Accuray Incorporated
72	QUICKPLAN	Aug 26, 2009	United States of America	Registered	77/813,495	3829517	Aug 3, 2010	9	Accuray Incorporated
73	INTERNATIONAL CYBERKNIFE NETWORK	Jan 17, 2011	China	Registered	9059734	9059734	Feb 7, 2012	35	Accuray Incorporated
74	INTERNATIONAL CYBERKNIFE NETWORK	Jan 12, 2011	European Union Intellectual Property Office	Registered	009654864	009654864	Jun 21, 2011	35	Accuray Incorporated
75	INTERNATIONAL CYBERKNIFE NETWORK	Jan 14, 2011	Japan	Registered	2011-002039	5422567	Jul 1, 2011	35	Accuray Incorporated
76	PLANTOUCH	Sep 12, 2011	United States of America	Registered	85/420,777	4,332,520	May 7, 2013		Accuray Incorporated
77	AERO ACCURAY EXCHANGE IN RADITAION ONCOLOGY	Sep 30, 2011	United States of America	Registered	85/436,970	4240551	Nov 13, 2012	35	Accuray Incorporated
78	AERO ACCURAY EXCHANGE IN RADITAION ONCOLOGY	Dec 12, 2011	European Union Intellectual Property Office	Registered	10484723	10484723	Jul 26, 2012	35	Accuray Incorporated
79	AERO ACCURAY EXCHANGE IN RADITAION ONCOLOGY	Dec 22, 2011	Japan	Registered	2011-092307	5499149	Jun 8, 2012	35	Accuray Incorporated
80	ACCURAY (JAPANESE CHARACTERS)	Apr 4, 2012	United States of America	Registered	2012/026,212	5528381	Oct 12, 2012	10	Accuray Incorporated
81	CYBERKNIFE (JAPANESE CHARACTERS)	Oct 18, 2011	Japan	Registered	2011-74379	5638370	Dec 20, 2013	10	Accuray Incorporated
82	HI ART	Feb 24, 2005	India	Registered	1340588	1340588	Feb 24, 2005	10	TomoTherapy Incorporated
83	HI ART	Feb 17, 2005	Taiwan, Republic of China	Registered	094006942	1185028	Dec 1, 2005	10	Accuray Incorporated
84	HI ART	Feb 16, 2005	Canada	Registered	1,247,428	TMA740020	May 13, 2009	10	TomoTherapy Incorporated
85	HI ART	Mar 3, 2005	Madrid Protocol	Registered	865,313	865313	Mar 3, 2005	10	Accuray Incorporated
86	HI ART (2840349)	May 28, 2003	United States of America	Registered	78/255,227	2840349	May 11, 2004	10	Accuray Incorporated
87	HI ART (2840348)	May 28, 2003	United States of America	Registered	78/255,208	2840348	May 11, 2004	9	Accuray Incorporated
88	MISCELLANEOUS DESIGN (TOMOTHERAPY LOGO)	Jul 9, 2003	Canada	Registered	1,182,644	TMA 626773	Nov 26, 2004		TomoTherapy Incorporated

89	MISCELLANEOUS DESIGN (TOMOTHERAPY LOGO)	Feb 16, 2005	Canada	Registered	1,247,408	TMA 722932	Sep 4, 2008		TomoTherapy Incorporated
90	MISCELLANEOUS DESIGN (TOMOTHERAPY LOGO)	Feb 17, 2005	Taiwan, Republic of China	Registered	94006944	1182819	Nov 16, 2005	10	TomoTherapy Incorporated
91	TOMO	Feb 16, 2005	Canada	Registered	1,247,410	TMA 722931	Sep 4, 2008	10	TomoTherapy Incorporated
92	TOMO	Jul 9, 2003	Canada	Registered	1,182,645	TMA 626109	Nov 22, 2004	10	TomoTherapy Incorporated
93	TOMO	Jun 26, 2003	European Union Intellectual Property Office	Registered	003243979	003243979	Nov 11, 2004	10	TomoTherapy Incorporated
94	TOMO	Feb 24, 2005	India	Registered	1340584	1340584	Feb 24, 2005	10	TomoTherapy Incorporated
95	TOMO	Mar 3, 2005	Madrid Protocol	Registered	857,295	857295	Mar 3, 2005	10	Accuray Incorporated
96	TOMO	Feb 17, 2005	Taiwan, Republic of China	Registered	094006945	1182820	Nov 16, 2005	10	Accuray Incorporated
97	TOMO	Jan 14, 2003	United States of America	Registered	78/203,099	2788956	Dec 2, 2003	10	Accuray Incorporated
98	TOMO3D	Feb 17, 2005	Taiwan, Republic of China	Registered	94006966	0082821	Nov 16, 2005	10	TomoTherapy Incorporated
99	TOMOTHERAPY	Oct 9, 2012	United States of America	Registered	85/749,470	4417188	Oct 15, 2013	10	Accuray Incorporated
100	TOMOTHERAPY	Feb 2, 2012	Brazil	Registered	840016190	840016190	Feb 18, 2015	10	Accuray Incorporated
101	TOMOTHERAPY	Feb 16, 2005	Canada	Registered	1,247,407	TMA 708751	Mar 4, 2008	10	TomoTherapy Incorporated
102	TOMOTHERAPY	Feb 24, 2005	India	Registered	1340585	1340585	Feb 24, 2005	10	TomoTherapy Incorporated
103	TOMOTHERAPY	Feb 9, 2005	United States of America	Registered	847,352	847352	Feb 9, 2005	10	Accuray Incorporated
104	TOMOTHERAPY	Mar 12, 2015	Russian Federation	Registered	2015706614		Jun 26, 2016	10	Accuray Incorporated
105	TOMOTHERAPY	Feb 17, 2005	Taiwan, Republic of China	Registered	094006943	1182818	Nov 16, 2005	10	Accuray Incorporated
106	TOMOTHERAPY AND DESIGN	Jul 9, 2003	Canada	Registered	01/182,642	TMA 653899	Nov 29, 2005		TomoTherapy Incorporated
107	TOMOTHERAPY (SINGLE LINE)	Jul 9, 2003	Canada	Registered	1,182,643	TMA 654059	Nov 30, 2005	10	TomoTherapy Incorporated
108	TOMOTHERAPY HI ART	Mar 5, 2001	United States of America	Registered	76/219,829	2729995	Jun 24, 2003	10	Accuray Incorporated
109	TOMOTHERAPY (JAPANESE CHARACTERS)	Mar 22, 2012	Japan	Registered	2012-021787	5585393	May 24, 2013	10	Accuray Incorporated
110	TOMOHD	Oct 5, 2010	United States of America	Registered	85/145,550	4418909	Oct 15, 2013	10	Accuray Incorporated
111	TOMOH	Oct 5, 2010	United States of America	Registered	85/145,560	4621369	Oct 14, 2014	10	Accuray Incorporated
112	STATRT	Oct 5, 2010	United States of America	Registered	85/145,487	4808683	Sep 8, 2015	10	Accuray Incorporated
113	STATRT	Jun 12, 2008	European Union Intellectual Property Office	Registered	007005937	007005937	Apr 3, 2009	10	TomoTherapy Incorporated
114	RADIATE HOPE	Sep 10, 2007	United States of America	Registered	77/275,205	4042324	Oct 18, 2011	36	Accuray Incorporated
115	RADIATE HOPE AND DESIGN	Sep 10, 2007	United States of America	Registered	77/275,240	4042326	Oct 18, 2011	36	Accuray Incorporated
116	TARGETING CANCER TOGETHER	Sep 10, 2007	United States of America	Registered	77/275,212	4042325	Oct 18, 2011	36	Accuray Incorporated
117	TOMOTHERAPY	Jun 11, 2008	Canada	Registered	1,399,183	TMA915,722	Oct 1, 2015	44	TomoTherapy Incorporated
118	TOMOPORTAL	Feb 19, 2007	India	Registered	1531829	1531829	Feb 19, 2007	9	TomoTherapy Incorporated
119	ONRAD	Jun 3, 2015	European Union Intellectual Property Office	Registered	14195176	14195176	Oct 2, 2015	10	Accuray Incorporated
120	ONRAD	Jun 5, 2015	Japan	Registered	2015-053384	5802044	Oct 23, 2015	10	Accuray Incorporated
121	ONRAD (CLASS#9)	Jun 3, 2015	Mexico	Registered	1617204	1582025	Oct 20, 2015	9	Accuray Incorporated
122	ONRAD (CLASS#10)	Jun 3, 2015	Mexico	Registered	1617204	1582659	Oct 21, 2015	10	Accuray Incorporated
123	RADIXACT	Aug 24, 2015	European Union Intellectual Property Office	Registered	14500763	014500763	Dec 23, 2015	10	Accuray Incorporated
124	RADIXACT	Aug 25, 2015	Japan	Registered	2015-081559	5845038	Apr 22, 2016	10	Accuray Incorporated
125	PRECISION	Sep 3, 2015	Japan	Registered	2015-085717		Jul 7, 2016	9	Accuray Incorporated
126	IDMS	Sep 2, 2015	European Union Intellectual Property Office	Registered	14519102	14519102	Jan 11, 2016	9	Accuray Incorporated
127	IDMS	Sep 3, 2015	Japan	Registered	2015-085198	5829333	Feb 26, 2016	9	Accuray Incorporated
128	ACCURAY PRECISION	Jan 6, 2016	European Union Intellectual Property Office	Registered	14977862	14977862	May 5, 2016	9	Accuray Incorporated
129	ACCURAY PRECISION	Jan 8, 2016	Japan	Registered	2016-002109	5854578	May 27, 2016	9	Accuray Incorporated
130	PRECISEART	Feb 15, 2016	Japan	Registered	2016-015892	5868546	Jul 22, 2016	9	Accuray Incorporated
131	PRECISERTX	Feb 12, 2016	United States of America	Registered	15/103,658	15103658	Jun 22, 2016	9	Accuray Incorporated
132	PRECISERTX	Feb 15, 2016	Japan	Registered	2016-015898	5868547	Jul 22, 2016	9	Accuray Incorporated

133	CTRUE	Feb 9, 2007	European Union Intellectual Property Office	Registered	5705827	5705827	Feb 11, 2008	10	TomoTherapy Incorporated
134	RADIXACT	Aug 31, 2015	United States of America	Registered	86/742,946	5092439	Nov 29, 2016	10	Accuray Incorporated

OUS Issued Patent Matters

TITLE	COUNTRY	DATE FILED	APPLICATION NUMBER	STATUS	GRANT DATE	OWNER
ROBOTIC ARM FOR PATIENT POSITIONING ASSEMBLY - PCT	China	May 9, 2006	2006800250458	Issued	Dec 1, 2011	Accuray Incorporated
ROBOTIC ARM FOR PATIENT POSITIONING ASSEMBLY - PCT	Japan	May 9, 2006	2008511299	Issued	Nov 15, 2012	Accuray Incorporated
SUPER PRECISION REGISTRATION OF X-RAY IMAGES TO CONE BEAM CT FOR IMAGE-GUIDED RADIOSURGERY - PCT	China	Jun 27, 2006	2006800281600	Issued	Dec 5, 2012	Accuray Incorporated
PRECISION REGISTRATION OF X-RAY IMAGES TO CONE-BEAM CT FOR IMAGE-GUIDED RADIATION TREATMENT	Japan	Jun 27, 2006	2008520277	Issued	Aug 29, 2014	Accuray Incorporated
PATIENT POSITIONING ASSEMBLY - KOREA	Korea (South)	Apr 5, 2005	20067023241	Issued	Sep 28, 2011	Accuray Incorporated
IMAGING GEOMETRY - PCT	China	Jun 29, 2006	2006800286765	Issued	Jul 18, 2012	Accuray Incorporated
Imaging geometry	China	Jun 29, 2005	2010101970488	Issued	Jun 12, 2012	Accuray Incorporated
IMAGING GEOMETRY - PCT	Germany	Jun 29, 2006	067744094	Issued	Aug 10, 2011	Accuray Incorporated
IMAGING GEOMETRY - PCT	European Patent Office	Jun 29, 2006	67744094	Issued	Aug 10, 2011	Accuray Incorporated
IMAGING GEOMETRY - PCT	France	Jun 29, 2006	067744094	Issued	Aug 10, 2011	Accuray Incorporated
IMAGING GEOMETRY - PCT	United Kingdom	Jun 29, 2006	067744094	Issued	Aug 10, 2011	Accuray Incorporated
IMAGING GEOMETRY - PCT	Japan	Jun 29, 2006	2008520316	Issued	Aug 10, 2012	Accuray Incorporated
Adaptive X-Ray Control	China	Feb 13, 2007	2007800055515	Issued	Sep 5, 2012	Accuray Incorporated
Adaptive X-Ray Control	Japan	Feb 13, 2007	2008555381	Issued	Nov 8, 2012	Accuray Incorporated
APPARATUS FOR AND METHOD OF CARRYING OUT STEREOTAXIC RADIOSURGERY AND RADIOTHERAPY-GERMANY	Germany	Dec 7, 1993	DE19936033449	Issued	Mar 10, 2004	Accuray Incorporated
APPARATUS FOR AND METHOD OF CARRYING OUT STEREOTAXIC RADIOSURGERY AND RADIOTHERAPY-EPO	European Patent Office	Dec 7, 1993	949035075	Issued	Mar 10, 2004	Accuray Incorporated
APPARATUS FOR AND METHOD OF CARRYING OUT STEREOTAXIC RADIOSURGERY AND RADIOTHERAPY-FRANCE	France	Dec 7, 1993	949035075	Issued	Mar 10, 2004	Accuray Incorporated
APPARATUS FOR AND METHOD OF CARRYING OUT STEREOTAXIC RADIOSURGERY AND RADIOTHERAPY-GREAT BRITAIN	United Kingdom	Dec 7, 1993	949035075	Issued	Mar 10, 2004	Accuray Incorporated
APPARATUS FOR AND METHOD OF CARRYING OUT STEREOTAXIC RADIOSURGERY AND RADIOTHERAPY-ITALY	Italy	Dec 7, 1993	949035075	Issued	Mar 10, 2004	Accuray Incorporated
APPARATUS FOR AND METHOD OF CARRYING OUT STEREOTAXIC RADIOSURGERY AND RADIOTHERAPY-KOREA	Korea (South)	Dec 7, 1993	95702344	Issued	Feb 26, 2002	Accuray Incorporated
APPARATUS FOR AND METHOD OF CARRYING OUT STEREOTAXIC RADIOSURGERY AND RADIOTHERAPY-SWEDEN	Sweden	Dec 7, 1993	949035075	Issued	Mar 10, 2004	Accuray Incorporated
APPARATUS AND METHOD FOR COMPENSATING FOR RESPIRATORY AND PATIENT MOTION DURING TREATMENT- GERMANY	Germany	Mar 14, 2000	009179284	Issued	Jun 16, 2004	Accuray Incorporated
APPARATUS AND METHOD FOR COMPENSATING FOR RESPIRATORY AND PATIENT MOTION DURING TREATMENT- EPO	European Patent Office	Mar 14, 2000	009179284	Issued	Jun 16, 2004	Accuray Incorporated
APPARATUS AND METHOD FOR COMPENSATING FOR RESPIRATORY AND PATIENT MOTION DURING TREATMENT- FRANCE	France	Mar 14, 2000	009179284	Issued	Jun 16, 2004	Accuray Incorporated
APPARATUS AND METHOD FOR COMPENSATING FOR RESPIRATORY AND PATIENT MOTION DURING TREATMENT- ITALY	Italy	Mar 14, 2000	009179284	Issued	Jun 16, 2004	Accuray Incorporated
APPARATUS AND METHOD FOR COMPENSATING FOR RESPIRATORY AND PATIENT MOTION DURING TREATMENT- JAPAN	Japan	Mar 14, 2000	2000604773	Issued	Dec 4, 2009	Accuray Incorporated
APPARATUS AND METHOD FOR COMPENSATING FOR RESPIRATORY AND PATIENT MOTION DURING TREATMENT- JAPAN	Japan	Mar 14, 2000	2009225262	Issued	Mar 8, 2013	Accuray Incorporated
APPARATUS AND METHOD FOR COMPENSATING FOR RESPIRATORY	Korea (South)	Mar 14, 2000	1020017011675	Issued	Aug 10, 2007	Accuray Incorporated

AND PATIENT MOTION DURING TREATMENT- KOREA						
APPARATUS AND METHOD FOR COMPENSATING FOR RESPIRATORY AND PATIENT MOTION DURING TREATMENT- SWEDEN	Sweden	Mar 14, 2000	009179284	Issued	Jun 16, 2004	Accuray Incorporated
APPARATUS AND METHOD FOR COMPENSATING FOR RESPIRATORY AND PATIENT MOTION DURING TREATMENT- UNITED KINGDOM	United Kingdom	Mar 14, 2000	009179284	Issued	Jun 16, 2004	Accuray Incorporated
FRAMELESS RADIOSURGERY TREATMENT SYSTEM AND METHOD	Japan	Sep 14, 2001	2007212216	Issued	Apr 20, 2012	Accuray Incorporated
Dynamic Tracking of Moving Targets	Japan	Aug 22, 2005	2007534595	Issued	Nov 16, 2012	Accuray Incorporated
PARALLEL STEROVISION GEOMETRY IN IMAGE-GUIDED RADIOSURGERY	China	Dec 8, 2008	2007800234568	Issued	Jul 27, 2011	Accuray Incorporated
PARALLEL STEROVISION GEOMETRY IN IMAGE-GUIDED RADIOSURGERY	Japan	May 30, 2007	2009518130	Issued	Sep 5, 2014	Accuray Incorporated
RADIATION TREATMENT PLANNING USING FOUR-DIMENSIONAL IMAGING DATA	Japan	Aug 30, 2007	2007253810	Issued	Nov 14, 2013	Accuray Incorporated
COLLIMATOR CHANGER	Japan	Oct 9, 2007	2009536231	Issued	Aug 2, 2013	Accuray Incorporated
TARGET TRACKING USING DIRECT TARGET REGISTRATION	China	Oct 11, 2007	2007800406282	Issued	Feb 18, 2016	Accuray Incorporated
An apparatus and method for determining an optimized path traversal for radiation treatment delivery system	Japan	Sep 30, 2009	2010502090	Issued	Aug 2, 2013	Accuray Incorporated
USE OF A SINGLE X-RAY IMAGE IN A STEREO IMAGING PAIR FOR QUALITY ASSURANCE OF TRACKING	China	Dec 11, 2008	2008801248685	Issued	Apr 23, 2014	Accuray Incorporated
USE OF A SINGLE X-RAY IMAGE IN A STEREO IMAGING PAIR FOR QUALITY ASSURANCE OF TRACKING	Japan	Dec 11, 2008	2010543094	Issued	Dec 6, 2013	Accuray Incorporated
SEVEN DEGREES OR MORE OF FREEDOM ROBOTIC MANIPULATOR HAVING AT LEAST ONE REDUNDANT JOINT	China	Aug 12, 2009	CN2009801422313	Issued	Sep 10, 2014	Accuray Incorporated
TRAVELING WAVE LINAC FOR INTERLEAVED MULTIPLE ENERGY OPERATION	China	Jan 25, 2010	2010800055767	Issued	Jan 26, 2014	Accuray Incorporated
TRAVELING WAVE LINAC FOR INTERLEAVED MULTIPLE ENERGY OPERATION	China	Jan 25, 2010	CN103889139A	Issued	Jun 29, 2016	Accuray Incorporated
INTERLEAVING MULTI-ENERGY X-RAY ENERGY OPERATION OF A STANDING WAVE LINEAR ACCELERATOR USING ELECTRONIC SWITCHES	China	Feb 20, 2012	2010800369694	Issued	Nov 17, 2014	Accuray Incorporated
INTERLEAVING MULTI-ENERGY X-RAY ENERGY OPERATION OF A STANDING WAVE LINEAR ACCELERATOR USING ELECTRONIC SWITCHES	Japan	Jul 2, 2010	2012519611	Issued	Oct 30, 2015	Accuray Incorporated
Magnetron Powered of Interleaved Multi-energy LInac	China	Sep 20, 2012	2011800149735	Issued	Sep 19, 2016	Accuray Incorporated
Method and apparatus for treating a target's partial motion range	China	Oct 28, 2011	2011800570349	Issued	Jan 17, 2017	Accuray Incorporated
Method and apparatus for treating a target's partial motion range	Germany	Oct 28, 2011	117827121	Issued	Dec 14, 2016	Accuray Incorporated
Method and apparatus for treating a target's partial motion range	European Patent Office	Oct 28, 2011	117827121	Issued	Dec 14, 2016	Accuray Incorporated
Method and apparatus for treating a target's partial motion range	France	Oct 28, 2011	117827121	Issued	Dec 14, 2016	Accuray Incorporated
Method and apparatus for treating a target's partial motion range	United Kingdom	Oct 28, 2011	117827121	Issued	Dec 14, 2016	Accuray Incorporated
Method and apparatus for treating a target's partial motion range	Italy	Oct 28, 2011	117827121	Issued	Dec 14, 2016	Accuray Incorporated
Method and apparatus for treating a target's partial motion range	Japan	Oct 28, 2011	2013536890	Issued	May 13, 2016	Accuray Incorporated
Method and apparatus for treating a target's partial motion range	Sweden	Oct 28, 2011	117827121	Issued	Dec 14, 2016	Accuray Incorporated
RADIATION TREATMENT DELIVERY SYSTEM	China	Jan 10, 2012	2012800108955	Issued	Apr 11, 2016	Accuray Incorporated
RADIATION TREATMENT DELIVERY SYSTEM	Japan	Jan 10, 2012		Issued	Mar 8, 2017	Accuray Incorporated
SYSTEM AND METHOD FOR FUSION-ALIGNED REPROJECTION OF INCOMPLETE DATA	Germany	Sep 9, 2003	027233907	Issued	Nov 7, 2007	TomoTherapy Incorporated
SYSTEM AND METHOD FOR FUSION-ALIGNED REPROJECTION OF INCOMPLETE DATA	France	Sep 9, 2003	027233907	Issued	Nov 7, 2007	TomoTherapy Incorporated
SYSTEM AND METHOD FOR FUSION-ALIGNED REPROJECTION OF INCOMPLETE DATA	United Kingdom	Sep 9, 2003	027233907	Issued	Nov 7, 2007	TomoTherapy Incorporated
SYSTEM AND METHOD FOR FUSION-ALIGNED REPROJECTION OF INCOMPLETE DATA	Japan	Sep 9, 2003	2002572101	Issued	Mar 6, 2009	TomoTherapy Incorporated
METHOD FOR MODIFICATION OF RADIOTHERAPY TREATMENT DELIVERY	Japan	Sep 6, 2004	2003574268	Issued	Feb 18, 2011	TomoTherapy Incorporated

TOMOTHERAPY STEREOTACTIC UPPER BODY FIXATION AND POSITIONING DEVICE	Japan	Jan 23, 2006	2006522801	Issued	Jul 30, 2010	TomoTherapy Incorporated
SYSTEM AND METHOD OF DELIVERING RADIATION THERAPY TO A MOVING TARGET	Germany	Jul 21, 2006	080062342	Issued	May 4, 2011	TomoTherapy Incorporated
SYSTEM AND METHOD OF DELIVERING RADIATION THERAPY TO A MOVING TARGET	France	Jul 21, 2006	080062342	Issued	May 4, 2011	TomoTherapy Incorporated
SYSTEM AND METHOD OF DELIVERING RADIATION THERAPY TO A MOVING TARGET	United Kingdom	Jul 21, 2006	080062342	Issued	May 4, 2011	TomoTherapy Incorporated
RADIATION THERAPY IMAGING AND DELIVERY UTILIZING COORDINATED MOTION OF GANTRY, COUCH AND MULTI-LEAF COLLIMATOR	Japan	Jan 22, 2008	2008523014	Issued	Oct 18, 2013	TomoTherapy Incorporated
EVALUATION OF QUALITY ASSURANCE CRITERIA IN DELIVERY OF A TREATMENT PLAN	China	Jul 21, 2006	2006800345975	Issued	Jul 18, 2012	TomoTherapy Incorporated
METHOD OF PLACING CONSTRAINTS ON A DEFORMATION MAP	Germany	Jul 21, 2006	067882233	Issued	Jun 24, 2015	TomoTherapy Incorporated
METHOD OF PLACING CONSTRAINTS ON A DEFORMATION MAP	France	Jul 21, 2006	067882233	Issued	Jun 24, 2015	TomoTherapy Incorporated
METHOD OF PLACING CONSTRAINTS ON A DEFORMATION MAP	United Kingdom	Jul 21, 2006	067882233	Issued	Jun 24, 2015	TomoTherapy Incorporated
METHOD OF PLACING CONSTRAINTS ON A DEFORMATION MAP	Italy	Jul 21, 2006	067882233	Issued	Jun 24, 2015	TomoTherapy Incorporated
METHOD OF PLACING CONSTRAINTS ON A DEFORMATION MAP	Sweden	Jul 21, 2006	067882233	Issued	Jun 24, 2015	TomoTherapy Incorporated
GENERATING NEW CONTOUR STRUCTURES USING A DOSE VOLUME HISTOGRAM	Germany	Jul 21, 2006	068002351	Issued	Jun 8, 2011	TomoTherapy Incorporated
GENERATING NEW CONTOUR STRUCTURES USING A DOSE VOLUME HISTOGRAM	France	Jul 21, 2006	068002351	Issued	Jun 8, 2011	TomoTherapy Incorporated
GENERATING NEW CONTOUR STRUCTURES USING A DOSE VOLUME HISTOGRAM	United Kingdom	Jul 21, 2006	068002351	Issued	Jun 8, 2011	TomoTherapy Incorporated
GENERATING NEW CONTOUR STRUCTURES USING A DOSE VOLUME HISTOGRAM	Netherlands	Jul 21, 2006	068002351	Issued	Jun 8, 2011	TomoTherapy Incorporated
GENERATING NEW CONTOUR STRUCTURES USING A DOSE VOLUME HISTOGRAM	Sweden	Jul 21, 2006	068002351	Issued	Jun 8, 2011	TomoTherapy Incorporated
SYSTEM AND METHOD OF DETECTING A BREATHING PHASE OF A PATIENT RECEIVING RADIATION THERAPY	Japan	Jan 22, 2008	2008522987	Issued	Aug 10, 2012	TomoTherapy Incorporated

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TITLE	COUNTRY	DATE FILED	STATUS	GRANT DATE	PATENT NUMBER	OWNER
ROBOTIC ARM FOR PATIENT POSITIONING ASSEMBLY	US	May 13, 2005	Issued	Apr 17, 2012	8160205	Accuray Incorporated
ROBOTIC ARM FOR PATIENT POSITIONING ASSEMBLY	US	Sep 12, 2012	Issued	Jun 10, 2014	8745789	Accuray Incorporated
FOUR-DIMENSIONAL VOLUME OF INTEREST	US	Jun 2, 2005	Issued	Apr 1, 2008	7352370	Accuray Incorporated
INVERSE PLANNING USING OPTIMIZATION CONSTRAINTS DERIVED FROM IMAGE INTENSITY	US	Jun 2, 2005	Issued	Jul 15, 2008	7400755	Accuray Incorporated
INVERSE PLANNING USING OPTIMIZATION CONSTRAINTS DERIVED FROM IMAGE INTENSITY	US	Jun 9, 2008	Issued	May 4, 2010	7711169	Accuray Incorporated
METHOD FOR AUTOMATIC ANATOMY-SPECIFIC TREATMENT PLANNING PROTOCOLS BASED ON HISTORICAL INTEGRATION OF PREVIOUSLY ACCEPTED PLANS	US	Jun 27, 2005	Issued	Apr 22, 2008	7362848	Accuray Incorporated
METHOD FOR AUTOMATIC ANATOMY-SPECIFIC TREATMENT PLANNING PROTOCOLS BASED ON HISTORICAL INTEGRATION OF PREVIOUSLY ACCEPTED PLANS	US	Feb 29, 2008	Issued	Sep 22, 2009	7593505	Accuray Incorporated
PATIENT TRACKING USING A VIRTUAL IMAGE	US	Aug 11, 2005	Issued	Mar 26, 2013	8406851	Accuray Incorporated

MULTI-PHASE REGISTRATION OF 2-D X-RAY IMAGES TO 3-D VOLUME STUDIES	US	Nov 16, 2005	Issued	Nov 16, 2010	7835500	Accuray Incorporated
RIGID BODY TRACKING FOR RADIOSURGERY	US	Nov 16, 2005	Issued	Mar 23, 2010	7684647	Accuray Incorporated
PRECISION REGISTRATION OF X-RAY IMAGES TO CONE-BEAM CT SCAN	US	Jun 29, 2005	Issued	Nov 9, 2010	7831073	Accuray Incorporated
PRECISION REGISTRATION OF X-RAY IMAGES TO CONE-BEAM CT SCAN	US	Oct 7, 2010	Issued	Nov 6, 2012	8306297	Accuray Incorporated
DYNAMIC TRACKING OF SOFT TISSUE TARGETS WITH ULTRA-SOUND IMAGES, WITHOUT USING FIDUCIAL MARKERS	US	Jun 29, 2005	Issued	May 11, 2010	7713205	Accuray Incorporated
PATIENT POSITIONING ASSEMBLY FOR THERAPEUTIC RADIATION SYSTEM	US	Oct 17, 2003	Issued	Dec 26, 2006	7154991	Accuray Incorporated
PATIENT POSITIONING ASSEMBLY	US	Jun 30, 2004	Issued	Dec 28, 2010	7860550	Accuray Incorporated
Patient Positioing Assembly	US	Jun 3, 2010	Issued	Jun 4, 2013	8457279	Accuray Incorporated
UNIFIED QUALITY ASSURANCE FOR A RADIATION TREATMENT DELIVERY SERVICE	US	Nov 14, 2005	Issued	Feb 2, 2010	7656998	Accuray Incorporated
IMAGING GEOMETRY	US	Jun 29, 2005	Issued	Nov 27, 2007	7302033	Accuray Incorporated
IMAGING GEOMETRY	US	Oct 9, 2007	Issued	Jan 13, 2009	7477722	Accuray Incorporated

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AUTOMATIC GENERATION OF AN ENVELOPE OF CONSTRAINT POINTS FOR INVERSE PLANNING	US	Sep 6, 2005	Issued	Sep 21, 2010	7801349	Accuray Incorporated
DRR GENERATION AND ENHANCEMENT USING A DEDICATED GRAPHICS DEVICE	US	Jun 23, 2005	Issued	Feb 12, 2008	7330578	Accuray Incorporated
ADAPTIVE X-RAY CONTROL	US	Oct 13, 2008	Issued	Jul 9, 2013	8483358	Accuray Incorporated
ADAPTIVE X-RAY CONTROL	US	Feb 28, 2012	Issued	Apr 8, 2014	8693632	Accuray Incorporated
WIZARD AND TEMPLATE FOR TREATMENT PALNNING	US	Sep 30, 2005	Issued	Nov 3, 2009	7611452	Accuray Incorporated
WORKSPACE OPTIMIZATION FOR RADIATION TREATMENT DELIVERY SYSTEM	US	Sep 28, 2005	Issued	Sep 4, 2007	7266176	Accuray Incorporated
TREATMENT TARGET POSITIONING SYSTEM	US	Jun 30, 2004	Issued	Jan 23, 2007	7166852	Accuray Incorporated
ROI SELECTION IN IMAGE REGISTRATION	US	Jun 30, 2004	Issued	Jun 12, 2007	7231076	Accuray Incorporated
RADIOSURGERY X-RAY SYSTEM WITH COLLISON AVOIDANCE SUBSYSTEM	US	Mar 31, 2004	Issued	May 16, 2006	7046765	Accuray Incorporated
RADIOSURGERY X-RAY SYSTEM WITH COLLISON AVOIDANCE SUBSYSTEM	US	Jan 23, 2006	Issued	Sep 5, 2006	7103145	Accuray Incorporated

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RADIOSURGERY X-RAY SYSTEM WITH COLLISON AVOIDANCE SUBSYSTEM	US	Jan 23, 2006	Issued	Sep 5, 2006	7103144	Accuray Incorporated
APPARATUS AND METHOD FOR REGISTERING 2D RADIOGRAPHIC IMAGES WITH IMAGES RECONSTRUCTED FROM 3D SCAN DATA	US	Aug 29, 2003	Issued	Apr 17, 2007	7204640	Accuray Incorporated
DIRECT VOLUME RENDERING OF 4D DEFORMABLE VOLUME IMAGES	US	Mar 31, 2005	Issued	Mar 17, 2009	7505037	Accuray Incorporated
APPARATUS AND METHOD FOR COMPENSATING FOR	US	Mar 16, 1999	Issued	Nov 7, 2000	6144875	Accuray Incorporated

RESPIRATORY AND PATIENT MOTION DURING TREATMENT						
FRAMELESS RADIOSURGERY TREATMENT SYSTEM AND METHOD	US	Sep 15, 2000	Issued	Aug 17, 2004	6778850	Accuray Incorporated
APPARATUS AND METHOD FOR COMPENSATING FOR RESPIRATORY ANND PATIENT MOTIONS DURING TREATMENT	US	Sep 8, 2000	Issued	Dec 31, 2002	6501981	Accuray Incorporated
APPARATUS AND METHOD FOR COMPENSATING FOR RESPIRATORY AND PATIENT MOTION DURING TREATMENT	US	Oct 18, 2002	Issued	Jan 15, 2008	7318805	Accuray Incorporated
FRAMELESS RADIOSURGERY TREATMENT SYSTEM AND METHOD	US	Jan 20, 2009	Issued	Dec 27, 2011	8086299	Accuray Incorporated

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FRAMELESS RADIOSURGERY TREATMENT SYSTEM AND METHOD	US	Nov 29, 2011	Issued	Jan 21, 2014	8634898	Accuray Incorporated
TREATMENT PLANNING SOFTWARE AND CORRESPONDING USER INTERFACE	US	Sep 30, 2005	Issued	Dec 13, 2011	8077936	Accuray Incorporated
INTEGRATED QUALITY ASSURANCE FOR AN IMAGE GUIDED RADIATION TREATMENT DELIVERY SYSTEM	US	Sep 23, 2005	Issued	Apr 8, 2008	7356120	Accuray Incorporated
INTEGRATED QUALITY ASSURANCE FOR AN IMAGE GUIDED RADIATION TREATMENT DELIVERY SYSTEM	US	Feb 14, 2008	Issued	Oct 20, 2009	7604405	Accuray Incorporated
TREATMENT DELIVERY OPTIMIZATION	US	Jun 29, 2006	Issued	Apr 6, 2010	7693257	Accuray Incorporated
ANCHORED FIDUCIAL APPARATUS AND METHOD	US	Dec 20, 2001	Issued	Oct 9, 2007	7280865	Accuray Incorporated
METHOD AND APPARATUUS FOR TRACKING AN INTERNAL TARGET REGION WITHOUT AN IMPLANTED FIDUCIAL	US	Nov 12, 2002	Issued	Aug 21, 2007	7260426	Accuray Incorporated
FIDUCIAL-LESS TRACKING WITH NON-RIGID IMAGE REGISTRATION	US	Jun 30, 2004	Issued	Feb 5, 2008	7327865	Accuray Incorporated
FIDUCIAL -LESS TRACKING WITH NON-RIGID IMAGE REGISTRATION	US	Dec 5, 2007	Issued	Mar 17, 2009	7505617	Accuray Incorporated
FLEXIBLE TREATMENT PLANNING	US	Sep 29, 2005	Issued	Nov 20, 2007	7298819	Accuray Incorporated

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APPARATUS AND METHOD FOR RADIOSURGERY	US	Dec 22, 2003	Issued	Jan 30, 2007	7171257	Accuray Incorporated
APPARATUS AND METHOD FOR RADIOSURGERY	US	Dec 12, 2006	Issued	Dec 14, 2010	7853313	Accuray Incorporated
APPARATUS AND METHOD FOR DETERMINING MEASURE OF SIMILARITY BETWEEN IMAGES	US	Aug 29, 2003	Issued	Mar 6, 2007	7187792	Accuray Incorporated
APPARATUS AND METHOD FOR DETERMINING MEASURE OF SIMILARITY BETWEEN IMAGES	US	Jan 16, 2007	Issued	Jan 20, 2009	7480399	Accuray Incorporated
IMAGE GUIDED RADIOSURGERY METHOD AND APPARATUS USING REGISTRATION OF 2D RADIOGRAPHIC IMAGES WITH DIGITALLY RECONSTRUCTED RADIOGRAPHS OF 3D SCAN DATA	US	Aug 29, 2003	Issued	Jul 13, 2010	7756567	Accuray Incorporated
IMAGE GUIDED RADIOSURGERY METHOD AND APPARATUS USING REGISTRATION OF 2D RADIOGRAPHIC IMAGES WITH	US	Jun 3, 2010	Issued	Oct 2, 2012	8280491	Accuray Incorporated

DIGITALLY RECONSTRUCTED RADIOGRAPHS OF 3D SCAN DATA						
GENERATION OF RECONSTRUCTED IMAGES	US	Mar 31, 2004	Issued	Jan 1, 2008	7315636	Accuray Incorporated
MOTION FIELD GENERATION FOR NON-RIGID IMAGE REGISTRATION	US	Jun 30, 2004	Issued	Sep 16, 2008	7426318	Accuray Incorporated
DYNAMIC TRACKING OF MOVING TARGETS	US	Sep 30, 2004	Issued	Mar 24, 2015	8989349	Accuray Incorporated
DYNAMIC TRACKING OF MOVING TARGETS	US	Aug 7, 2007	Issued	Oct 28, 2014	8874187	Accuray Incorporated
IMAGE ENHANCEMENT METHOD AND SYSTEM FOR FIDUCIAL-LESS TRACKING OF TREATMENT TARGETS	US	Dec 15, 2008	Issued	Nov 23, 2010	7840093	Accuray Incorporated
NON-LINEAR CORRELATION MODELS FOR INTERNAL TARGET MOVEMENT	US	Sep 29, 2005	Issued	Sep 27, 2011	8027715	Accuray Incorporated
RESPIRATION PHANTOM FOR QUALITY ASSURANCE	US	Dec 1, 2005	Issued	Jul 22, 2008	7402819	Accuray Incorporated
PARALLEL STEROVISION GEOMETRY IN IMAGE-GUIDED RADIOSURGERY	US	Jun 28, 2006	Issued	Nov 17, 2009	7620144	Accuray Incorporated
CORRELATION MODEL SELECTION FOR INTERNAL TARGET MOVEMENT	US	Sep 29, 2005	Issued	May 15, 2012	8180432	Accuray Incorporated
METHOD AND APPARATUS FOR PATIENT LOADING AND UNLOADING	US	Jan 24, 2006	Issued	Jun 30, 2009	7552490	Accuray Incorporated
METHOD AND APPARATUS FOR PATIENT LOADING AND UNLOADING	US	May 28, 2009	Issued	Mar 26, 2013	8402581	Accuray Incorporated
DELINEATION ON THREE-DIMENSIONAL MEDICAL IMAGE	US	Mar 30, 2006	Issued	Mar 15, 2011	7907772	Accuray Incorporated
ENERGY MONITORING, OPTIMAL DOSE RATE X-RAY TARGET	US	Apr 25, 2006	Issued	Jun 24, 2008	7391849	Accuray Incorporated
AUTOMATICALLY DETERMINING A BEAM PARAMETER FOR RADIATION TREATMENT PLANNING	US	Mar 30, 2007	Issued	Sep 15, 2009	7590219	Accuray Incorporated
DETERMINING A TARGET-TO-SURFACE DISTANCE AND USING IT FOR REAL TIME ABSORBED DOSE CALCULATION AND COMPENSATION	US	Aug 25, 2006	Issued	Mar 17, 2009	7505559	Accuray Incorporated
TEMPORAL SMOOTHING OF A DEFORMATION FIELD	US	Dec 13, 2006	Issued	Nov 24, 2009	7623679	Accuray Incorporated
CALIBRATING TRACKING SYSTEMS TO REMOVE POSITION-DEPENDENT BIAS	US	Feb 23, 2007	Issued	Apr 9, 2013	8417318	Accuray Incorporated
FIDUCIAL-LESS TRACKING OF A VOLUME OF INTEREST	US	Nov 3, 2006	Issued	Sep 9, 2014	8831706	Accuray Incorporated
COLLIMATOR CHANGER	US	Nov 3, 2006	Issued	Sep 2, 2014	8822934	Accuray Incorporated
TARGET TRACKING USING DIRECT TARGET REGISTRATION	US	Jan 20, 2011	Issued	Jan 3, 2012	8090175	Accuray Incorporated
INTEGRATED VARIABLE-APERTURE COLLIMATOR AND FIXED-APERTURE COLLIMATOR	US	Jun 29, 2007	Issued	Jan 10, 2012	8093572	Accuray Incorporated
PHANTOM INSERT FOR QUALITY ASSURANCE	US	Mar 29, 2007	Issued	Sep 29, 2009	7594753	Accuray Incorporated
“NON-COLLOCATED IMAGING AND TREATMENT IN IMAGE-	US	Jun 29, 2007	Issued	Nov 24, 2009	7623623	Accuray Incorporated

GUIDED RADIATION TREATMENT SYSTEMS".						
APPARATUS AND METHOD FOR DETERMINING AN OPTIMIZED PATH TRAVERSAL FOR RADIATION TREATMENT DELIVERY SYSTEM	US	Mar 30, 2007	Issued	Sep 11, 2012	8262554	Accuray Incorporated
ROBOTIC ARM FOR A RADIATION TREATMENT SYSTEM	US	Jun 29, 2007	Issued	Feb 18, 2014	8655429	Accuray Incorporated
A NON-INVASIVE METHOD FOR USING 2D ANGIOGRAPHIC IMAGES FOR RADIOSURGICAL TARGET DEFINITION	US	Jun 30, 2007	Issued	Aug 30, 2016	9427201	Accuray Incorporated
USE OF A SINGLE X-RAY IMAGE IN A STEREO IMAGING PAIR FOR QUALITY ASSURANCE OF TRACKING	US	Aug 27, 2008	Issued	Dec 27, 2011	8086004	Accuray Incorporated
LOWER-TORSO ASSEMBLY OF A TREATMENT COUCH USEABLE IN AN X-RAY ENVIRONMENT	US	Jun 27, 2007	Issued	Jun 22, 2010	7742562	Accuray Incorporated
HIGH QUALITY VOLUME RENDERING WITH GPU USING FLOATING-POINT FRAME BUFFER OBJECT	US	Jun 25, 2007	Issued	Feb 15, 2011	7889902	Accuray Incorporated
CARDIAC TARGET TRACKING	US	Jan 15, 2009	Issued	Oct 23, 2012	8295435	Accuray Incorporated
CONSTRAINED-CURVE CORRELATION MODEL	US	Jan 10, 2008	Issued	Nov 22, 2011	8064642	Accuray Incorporated

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Automatic correlation modeling of an internal target	US	Oct 26, 2007	Issued	Feb 2, 2016	9248312	Accuray Incorporated
TARGET TRACKING USING SURFACE SCANNER AND FOUR-DIMENSIONAL DIAGNOSTIC IMAGING DATA	US	Jan 7, 2008	Issued	May 18, 2010	7720196	Accuray Incorporated
TARGET LOCATION BY TRACKING OF IMAGING DEVICE	US	Oct 11, 2011	Issued	Mar 22, 2016	9289268	Accuray Incorporated
SUBTRACTION OF SEGMENTED ANATOMICAL FEATURE FROM AN ACQUIRED IMAGE	US	Sep 30, 2008	Issued	Jun 4, 2013	8457372	Accuray Incorporated
SEVEN OR MORE DEGREES OF FREEDOM ROBOTIC MANIPULATOR HAVING AT LEAST ONE REDUNDANT JOINT	US	Oct 14, 2008	Issued	Feb 28, 2012	8126114	Accuray Incorporated
SEVEN OR MORE DEGREES OF FREEDOM ROBOTIC MANIPULATOR HAVING AT LEAST ONE REDUNDANT JOINT	US	Feb 27, 2012	Issued	Jun 24, 2014	8761337	Accuray Incorporated
TRAVELING WAVE LINAC FOR INTERLEAVED MULTIPLE ENERGY OPERATION	US	Oct 16, 2009	Issued	Jul 31, 2012	8232748	Accuray Incorporated
TRAVELING WAVE LINAC ACCELERATOR COMPRISING FREQUENCY CONTROLLER FOR INTERLEAVED MULTIPLE-ENERGY OPERATION	US	Jul 17, 2012	Issued	Feb 26, 2013	8384314	Accuray Incorporated

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Controlling Timing for X-ray Imaging Based on Target Movement	US	Sep 11, 2009	Issued	Mar 6, 2012	8130907	Accuray Incorporated
Controlling Timing for X-ray Imaging Based on Target Movement	US	Jan 26, 2012	Issued	Mar 3, 2015	8971490	Accuray Incorporated
SEQUENTIAL OPTIMIZATIONS FOR TREATMENT PLANNING	US	Jun 26, 2009	Issued	May 15, 2012	8180020	Accuray Incorporated
SEQUENTIAL OPTIMIZATIONS FOR TREATMENT PLANNING	US	Apr 13, 2012	Issued	Jun 2, 2015	9044602	Accuray Incorporated
Treatment Planning in a Virtual Environment	US	Apr 15, 2010	Issued	Aug 26, 2014	8819591	Accuray Incorporated
A method of interleaving multi x-ray energy operation for the standing wave linear accelerator	US	Mar 5, 2010	Issued	Oct 9, 2012	8284898	Accuray Incorporated
A method of interleaving multi x-ray	US	Sep 11, 2012	Issued	May 12, 2015	9031200	Accuray

energy operation for the standing wave linear accelerator						Incorporated
INTERLEAVING MULTI-ENERGY X-RAY ENERGY OPERATION OF A STANDING WAVE LINEAR ACCELERATOR USING ELECTRONIC SWITCHES	US	Jul 8, 2009	Issued	Jun 19, 2012	8203289	Accuray Incorporated
INTERLEAVING MULTI-ENERGY X-RAY ENERGY OPERATION OF A STANDING WAVE LINEAR ACCELERATOR USING ELECTRONIC SWITCHES	US	Jun 18, 2012	Issued	Jul 22, 2014	8786217	Accuray Incorporated

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Magnetron Powered of Interleaved Multi-energy LInac	US	Jan 29, 2010	Issued	Nov 13, 2012	8311187	Accuray Incorporated
Magnetron Powered of Interleaved Multi-Energy LInac	US	Nov 12, 2012	Issued	Aug 23, 2016	9426876	Accuray Incorporated
IMAGE ALIGNMENT	US	Sep 17, 2010	Issued	Nov 20, 2012	8315356	Accuray Incorporated
Gantry Image Guided Radiotherapy System And Related Treatment Delivery Methods	US	Feb 23, 2011	Issued	Dec 23, 2014	8917813	Accuray Incorporated
Gantry Image Guided Radiotherapy System And Related Treatment Delivery Methods	US	Nov 12, 2014	Issued	Jul 12, 2016	9387347	Accuray Incorporated
Gantry Image Guided Radiotherapy System And Related Treatment Delivery Methods	US	Feb 23, 2011	Issued	Jan 13, 2015	8934605	Accuray Incorporated
Gantry Image Guided Radiotherapy System And Related Treatment Delivery Methods	US	Nov 19, 2014	Issued	May 3, 2016	9327141	Accuray Incorporated
Medical imaging and image-guided radiation treatment	US	Jun 11, 2011	Issued	Oct 15, 2013	8559596	Accuray Incorporated
Medical imaging and image-guided radiation treatment	US	Jun 8, 2011	Issued	Aug 12, 2014	8804901	Accuray Incorporated
Radiation Treatment Delivery System with Outwardly Movable Radiation Treatment Head Extending from Ring Gantry	US	Aug 8, 2011	Issued	Mar 24, 2015	8989846	Accuray Incorporated

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Systems and methods for real-time tumor tracking during radiation treatment using ultrasound imaging	US	Aug 5, 2011	Issued	Aug 18, 2015	9108048	Accuray Incorporated
TRAVELING WAVE LINEAR ACCELERATOR BASED X-RAY SOURCE USING CURRENT TO MODULATE PULSE-TO-PULSE DOSAGE	US	Dec 22, 2010	Issued	Oct 20, 2015	9167681	Accuray Incorporated
TRAVELING WAVE LINEAR ACCELERATOR BASED X-RAY SOURCE USING CURRENT TO MODULATE PULSE-TO-PULSE DOSAGE	US	May 16, 2012	Issued	Sep 16, 2014	8836250	Accuray Incorporated
TRAVELING WAVE LINEAR ACCELERATOR BASED X-RAY SOURCE USING PULSE WIDTH TO MODULATE PULSE-TO-PULSE DOSAGE	US	Dec 22, 2010	Issued	Feb 9, 2016	9258876	Accuray Incorporated
SYSTEMS AND METHODS FOR CARGO SCANNING AND RADIOTHERAPY USING A TRAVELING WAVE LINEAR ACCELERATOR BASED X-RAY SOURCE	US	May 16, 2012	Issued	Jan 27, 2015	8942351	Accuray Incorporated
METHOD AND APPARATUS FOR SELECTING A TRACKING METHOD TO USE IN IMAGE GUIDED TREATMENT	US	Oct 25, 2011	Issued	Sep 30, 2014	8849633	Accuray Incorporated
Method and apparatus for treating a target’s partial motion range	US	Oct 25, 2011	Issued	Sep 2, 2014	8824630	Accuray Incorporated

Automatic Calibration for Device with Controlled Motion Range	US	Jul 15, 2011	Issued	Aug 2, 2016	9406411	Accuray Incorporated
APPARATUS FOR GENERATING MULTI-ENERGY X-RAY IMAGES AND METHODS OF USING THE SAME	US	Jun 28, 2012	Issued	Aug 16, 2016	9415240	Accuray Incorporated
IMAGE REGISTRATION FOR IMAGE-GUIDED SURGERY	US	Jul 14, 2011	Issued	Aug 26, 2014	8818105	Accuray Incorporated
Systems and methods for achromatically bending a beam of charged particles by about ninety degree during radiation treatment	US	Jul 15, 2011	Issued	Mar 26, 2013	8405044	Accuray Incorporated

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Ring Gantry Radiation Treatment Delivery System With Dynamically Controllable Inward Extension Of Treatment Head	US	Apr 15, 2011	Issued	Sep 17, 2013	8536547	Accuray Incorporated
SYSTEMS AND METHODS FOR GENERATING X-RAYS AND NEUTRONS	US	May 8, 2012	Issued	Sep 24, 2013	8541756	Accuray Incorporated
SYSTEM AND METHOD FOR FUSION-ALIGNED REPROJECTION OF INCOMPLETE DATA	US	Mar 9, 2001	Issued	May 16, 2006	7046831	TomoTherapy Incorporated
FLUENCE ADJUSTMENT FOR IMPROVED DELIVERY TO VOXELS WITHOUT REOPTIMIZATION	US	Mar 9, 2001	Issued	Dec 9, 2003	6661870	TomoTherapy Incorporated
METHOD FOR RECONSTRUCTION OF LIMITED DATA IMAGES USING FUSION-ALIGNED REPROJECTION AND NORMAL-ERROR-ALIGNED REPROJECTION	US	Jun 11, 2002	Issued	Jul 5, 2005	6915005	TomoTherapy Incorporated
METHOD FOR MODIFICATION OF RADIOTHERAPY TREATMENT DELIVERY	US	May 16, 2005	Issued	Mar 26, 2013	8406844	TomoTherapy Incorporated
METHOD AND APPARATUS FOR MODULATING A RADIATION BEAM	US	Feb 24, 2006	Issued	Jun 7, 2011	7957507	Accuray Incorporated
SYSTEM AND METHOD OF DELIVERING RADIATION THERAPY TO A MOVING REGION OF INTEREST	US	Jul 21, 2006	Issued	Jul 1, 2014	8767917	TomoTherapy Incorporated
SYSTEM AND METHOD OF TREATING A PATIENT WITH RADIATION THERAPY	US	May 10, 2006	Issued	Jul 31, 2012	8232535	TomoTherapy Incorporated

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METHOD AND SYSTEM FOR EVALUATING QUALITY ASSURANCE CRITERIA IN DELIVERY OF A TREATMENT PLAN	US	Jul 21, 2006	Issued	Aug 10, 2010	7773788	TomoTherapy Incorporated
METHOD AND SYSTEM FOR EVALUATING QUALITY ASSURANCE CRITERIA IN DELIVERY OF A TREATMENT PLAN	US	Aug 10, 2010	Issued	May 14, 2013	8442287	TomoTherapy Incorporated
METHOD OF AND SYSTEM FOR PREDICTING DOSE DELIVERY	US	Jul 21, 2006	Issued	Dec 29, 2009	7639853	TomoTherapy Incorporated
METHOD OF PLACING CONSTRAINTS ON A DEFORMATION MAP AND SYSTEM FOR IMPLEMENTING SAME	US	Jul 21, 2006	Issued	Jul 28, 2009	7567694	TomoTherapy Incorporated
SYSTEM AND METHOD OF GENERATING CONTOUR STRUCTURES USING A DOSE VOLUME HISTOGRAM	US	Jul 21, 2006	Issued	Oct 27, 2009	7609809	TomoTherapy Incorporated
METHOD AND SYSTEM FOR EVALUATING DELIVERED DOSE	US	Jul 21, 2006	Issued	Jan 5, 2010	7643661	TomoTherapy Incorporated

METHOD AND SYSTEM FOR ADAPTING A RADIATION THERAPY TREATMENT PLAN BASED ON A BIOLOGICAL MODEL	US	Jul 21, 2006	Issued	Aug 11, 2009	7574251	TomoTherapy Incorporated
METHOD AND SYSTEM FOR PROCESSING DATA RELATING TO A RADIATION THERAPY TREATMENT PLAN	US	Jul 21, 2006	Issued	Dec 29, 2009	7639854	TomoTherapy Incorporated
SYSTEM AND METHOD OF DETECTING A BREATHING PHASE OF A PATIENT RECEIVING RADIATION THERAPY	US	Jul 21, 2006	Issued	Jul 24, 2012	8229068	TomoTherapy Incorporated
SYSTEM AND METHOD OF EVALUATING DOSE DELIVERED BY A RADIATION THERAPY SYSTEM	US	Jul 21, 2006	Issued	Nov 23, 2010	7839972	TomoTherapy Incorporated
METHOD AND APPARATUS FOR CALIBRATING A RADIATION THERAPY TREATMENT SYSTEM	US	Jul 27, 2007	Issued	Sep 21, 2010	7801269	TomoTherapy Incorporated
PATIENT SUPPORT DEVICE	US	Sep 4, 2008	Issued	Feb 28, 2012	8122542	TomoTherapy Incorporated
PATIENT SUPPORT DEVICE AND METHOD OF OPERATION	US	Sep 4, 2008	Issued	Aug 31, 2010	7784127	TomoTherapy Incorporated
PATIENT SUPPORT DEVICE AND METHOD OF OPERATION	US	Aug 31, 2010	Issued	Apr 24, 2012	8161585	TomoTherapy Incorporated
METHOD FOR ADAPTING FRACTIONATION OF A RADIATION THERAPY DOSE	US	Oct 27, 2008	Issued	Jul 17, 2012	8222616	TomoTherapy Incorporated
SYSTEM AND METHOD FOR MOTION ADAPTIVE OPTIMIZATION FOR RADIATION THERAPY DELIVERY	US	Oct 27, 2008	Issued	Aug 13, 2013	8509383	TomoTherapy Incorporated
SYSTEM AND METHOD FOR MOTION ADAPTIVE OPTIMIZATION FOR RADIATION THERAPY DELIVERY	US	Mar 5, 2009	Issued	Jun 18, 2013	8467497	TomoTherapy Incorporated
METHOD AND SYSTEM FOR IMPROVED IMAGE SEGMENTATION	US	Mar 4, 2009	Issued	Nov 5, 2013	8577115	TomoTherapy Incorporated
TARGET PEDESTAL ASSEMBLY AND METHOD OF PRESERVING THE TARGET	US	Feb 11, 2009	Issued	Nov 16, 2010	7835502	TomoTherapy Incorporated
SYSTEM AND METHOD OF CONTOURING A TARGET AREA	US	Aug 28, 2009	Issued	Aug 12, 2014	8803910	TomoTherapy Incorporated
SYSTEM AND METHOD OF CALCULATING DOSE UNCERTAINTY	US	Aug 28, 2009	Issued	Jan 19, 2013	8363784	TomoTherapy Incorporated
SYSTEM AND METHOD OF CALCULATING DOSE UNCERTAINTY	US	Jan 11, 2013	Issued	Dec 16, 2014	8913716	TomoTherapy Incorporated
PATIENT SUPPORT DEVICE WITH LOW ATTENTUATION PROPERTIES	US	Sep 29, 2010	Issued	Jun 23, 2015	9061141	TomoTherapy Incorporated
NON-VOXEL-BASED BROAD-BEAM (NVBB) ALGORITHM FOR INTENSITY MODULATED RADIATION THERAPY DOSE CALCULATION AND PLAN OPTIMIZATION	US	Oct 29, 2010	Issued	Mar 19, 2013	8401148	TomoTherapy Incorporated
ELECTROMAGNETICALLY ACTUATED MULTI-LEAF COLLIMATOR	US	Feb 19, 2014	Issued	Sep 13, 2016	9443633	Accuray Incorporated & TomoTherapy Incorporated
RADIATION TREATMENT PLANNING AND DELIVERY FOR MOVING TARGETS IN THE HEART	US	Mar 16, 2009	Issued	May 31, 2011	7953204	Accuray Incorporated and Cyberheart, Inc.

OUS Patent "Pending/Allowed" Matters

TITLE	COUNTRY	DATE FILED	APPLICATION NUMBER	STATUS	OWNER
ROBOTIC ARM FOR PATIENT POSITIONING ASSEMBLY - PCT	European Patent Office	May 9, 2006	067701599	Pending	Accuray Incorporated
SUPER PRECISION REGISTRATION OF X-RAY IMAGES TO CONE BEAM CT FOR IMAGE-GUIDED RADIOSURGERY - PCT	European Patent Office	Jun 27, 2006	067741652	Pending	Accuray Incorporated
PATIENT POSITIONING ASSEMBLY - EPO	European Patent Office	Apr 5, 2005	057337362	Pending	Accuray Incorporated
FRAMELESS RADIOSURGERY TREATMENT SYSTEM AND METHOD-EPO	European Patent Office	Sep 14, 2001	019709450	Pending	Accuray Incorporated
TREATMENT DELIVERY OPTIMIZATION	European Patent Office	May 31, 2007	077773653	Pending	Accuray Incorporated
Dynamic Tracking of Moving Targets	European Patent Office	Aug 22, 2005	057915225	Pending	Accuray Incorporated
PARALLEL STEROVISION GEOMETRY IN IMAGE-GUIDED RADIOSURGERY	European Patent Office	May 30, 2007	077955359	Pending	Accuray Incorporated
TARGET TRACKING USING DIRECT TARGET REGISTRATION	European Patent Office	Oct 11, 2007	078527231	Pending	Accuray Incorporated
USE OF A SINGLE X-RAY IMAGE IN A STEREO IMAGING PAIR FOR QUALITY ASSURANCE OF TRACKING	European Patent Office	Dec 11, 2008	088706437	Allowed	Accuray Incorporated
SEVEN DEGREES OR MORE OF FREEDOM ROBOTIC MANIPULATOR HAVING AT LEAST ONE REDUNDANT JOINT	European Patent Office	Aug 12, 2009	098134182	Pending	Accuray Incorporated
TRAVELING WAVE LINAC FOR INTERLEAVED MULTIPLE ENERGY OPERATION	Germany	Jan 25, 2010	107013062	Pending	Accuray Incorporated
TRAVELING WAVE LINAC FOR INTERLEAVED MULTIPLE ENERGY OPERATION	European Patent Office	Jan 25, 2010	107013062	Pending	Accuray Incorporated
TRAVELING WAVE LINAC FOR INTERLEAVED MULTIPLE ENERGY OPERATION	France	Jan 25, 2010	107013062	Pending	Accuray Incorporated
TRAVELING WAVE LINAC FOR INTERLEAVED MULTIPLE ENERGY OPERATION	Italy	Jan 25, 2010	107013062	Pending	Accuray Incorporated
TRAVELING WAVE LINAC FOR INTERLEAVED MULTIPLE ENERGY OPERATION	Sweden	Jan 25, 2010	107013062	Pending	Accuray Incorporated
TRAVELING WAVE LINAC FOR INTERLEAVED MULTIPLE ENERGY OPERATION	United Kingdom	Jan 25, 2010	107013062	Pending	Accuray Incorporated
INTERLEAVING MULTI-ENERGY X-RAY ENERGY OPERATION OF A STANDING WAVE LINEAR ACCELERATOR USING ELECTRONIC SWITCHES	European Patent Office	Jul 2, 2010	107306813	Pending	Accuray Incorporated
Magnetron Powered Linear Accelerator for Interleaved Multi-Energy Operation	Germany	Jan 28, 2011	117021220	Pending	Accuray Incorporated
Magnetron Powered Linear Accelerator for Interleaved Multi-Energy Operation	European Patent Office	Jan 28, 2011	117021220	Pending	Accuray Incorporated
Magnetron Powered Linear Accelerator for Interleaved Multi-Energy Operation	France	Jan 28, 2011	117021220	Pending	Accuray Incorporated
Magnetron Powered Linear Accelerator for Interleaved Multi-Energy Operation	United Kingdom	Jan 28, 2011	117021220	Pending	Accuray Incorporated
Versatile High Stability Image Guided Radiation Treatment Delivery Systems and Related Treatment Delivery Methods	Germany	Feb 23, 2011	131645608	Pending	Accuray Incorporated
Versatile High Stability Image Guided Radiation Treatment Delivery Systems and	European Patent Office	Feb 23, 2011	117072827	Pending	Accuray Incorporated

Related Treatment Delivery Methods					
Versatile High Stability Image Guided Radiation Treatment Delivery Systems and Related Treatment Delivery Methods	European Patent Office	Feb 23, 2011	131645608	Pending	Accuray Incorporated
Versatile High Stability Image Guided Radiation Treatment Delivery Systems and Related Treatment Delivery Methods	Germany	Feb 23, 2011	131645608	Pending	Accuray Incorporated
Versatile High Stability Image Guided Radiation Treatment Delivery Systems and Related Treatment Delivery Methods	France	Feb 23, 2011	131645608	Pending	Accuray Incorporated
Versatile High Stability Image Guided Radiation Treatment Delivery Systems and Related Treatment Delivery Methods	Italy	Feb 23, 2011	131645608	Pending	Accuray Incorporated
Versatile High Stability Image Guided Radiation Treatment Delivery Systems and Related Treatment Delivery Methods	Sweden	Feb 23, 2011	131645608	Pending	Accuray Incorporated
Versatile High Stability Image Guided Radiation Treatment Delivery Systems and Related Treatment Delivery Methods	United Kingdom	Feb 23, 2011	131645608	Pending	Accuray Incorporated
Versatile High Stability Image Guided Radiation Treatment Delivery Systems and Related Treatment Delivery Methods	European Patent Office	Feb 23, 2011	171589864	Pending	Accuray Incorporated
Versatile High Stability Image Guided Radiation Treatment Delivery Systems and Related Treatment Delivery Methods	France	Feb 23, 2011	131645608	Pending	Accuray Incorporated
Versatile High Stability Image Guided Radiation Treatment Delivery Systems and Related Treatment Delivery Methods	United Kingdom	Feb 23, 2011	131645608	Pending	Accuray Incorporated
Versatile High Stability Image Guided Radiation Treatment Delivery Systems and Related Treatment Delivery Methods	Italy	Feb 23, 2011	131645608	Pending	Accuray Incorporated
Versatile High Stability Image Guided Radiation Treatment Delivery Systems and Related Treatment Delivery Methods	Sweden	Feb 23, 2011	131645608	Pending	Accuray Incorporated
RADIATION TREATMENT DELIVERY SYSTEM	China	Apr 8, 2016	2012800109855	Pending	Accuray Incorporated
RADIATION TREATMENT DELIVERY SYSTEM	China	Jan 10, 2012	2016102174030	Pending	Accuray Incorporated
RADIATION TREATMENT DELIVERY SYSTEM	European Patent Office	Jan 10, 2012	1270090411652	Pending	Accuray Incorporated
RADIATION TREATMENT DELIVERY SYSTEM	Japan	Jan 10, 2012	2016082013	Pending	Accuray Incorporated
RADIATION TREATMENT DELIVERY SYSTEM	Japan	Jan 10, 2012	2016082014	Pending	Accuray Incorporated
Automatic callibration for device with controlled motion range	Japan	Feb 6, 2012	2013553479	Pending	Accuray Incorporated
*A METHOD FOR IMAGE-BASED MLC LEAF POSITION TRACKING BY TRANSFORMING CAMERA IMAGES	World Intellectual Property Organization	Mar 21, 2016	PCTUS2016023463	Pending	Accuray Incorporated
*A METHOD FOR IMAGE-BASED MLC LEAF POSITION TRACKING BY TRANSFORMING CAMERA IMAGES	World Intellectual Property Organization	Mar 21, 2016	PCTUS2016023456	Pending	Accuray Incorporated
*A METHOD FOR IMAGE-BASED MLC LEAF POSITION TRACKING BY TRANSFORMING CAMERA IMAGES	World Intellectual Property Organization	Mar 21, 2016	PCTUS2016023450	Pending	Accuray Incorporated
MANIPULATION OF A RESPIRATORY MODEL VIA ADJUSTMENT OF PARAMETERS ASSOCIATED WITH MODEL IMAGES	World Intellectual Property Organization	Jan 18, 2017	PCTUS1713980	Pending	Accuray Incorporated
PRESENTING A SEQUENCE OF IMAGES ASSOCIATED WITH A MOTION MODEL	World Intellectual Property Organization	Jan 18, 2017	PCTUS1713981	Pending	Accuray Incorporated

RADIATION THERAPY IMAGING AND DELIVERY UTILIZING COORDINATED MOTION OF GANTRY, COUCH AND MULTI-LEAF COLLIMATOR	European Patent Office	Jul 21, 2006	067882217	Published	TomoTherapy Incorporated
RADIATION THERAPY IMAGING AND DELIVERY UTILIZING COORDINATED MOTION OF GANTRY, COUCH AND MULTI-LEAF COLLIMATOR	European Patent Office	Jul 21, 2006	171501059	Pending	TomoTherapy Incorporated
METHOD OF PLACING CONSTRAINTS ON A DEFORMATION MAP	European Patent Office	Jul 21, 2006	067882233	Published	TomoTherapy Incorporated
SYSTEM AND METHOD FOR MOTION ADAPTIVE OPTIMIZATION FOR RADIATION THERAPY DELIVERY	European Patent Office	Oct 27, 2008	088418371	Published	TomoTherapy Incorporated
ELECTROMAGNETICALLY ACTUATED MULTI-LEAF COLLIMATOR	China	Feb 19, 2014	2014800105675	Pending	Accuray Incorporated
ELECTROMAGNETICALLY ACTUATED MULTI-LEAF COLLIMATOR	European Patent Office	Feb 19, 2014	147575765	Pending	Accuray Incorporated
ELECTROMAGNETICALLY ACTUATED MULTI-LEAF COLLIMATOR	Hong Kong, SAR China	May 11, 2016	161053998	Pending	Accuray Incorporated
ELECTROMAGNETICALLY ACTUATED MULTI-LEAF COLLIMATOR	Japan	Feb 19, 2014	2015558927	Published	Accuray Incorporated
ELECTROMAGNETICALLY ACTUATED MULTI-LEAF COLLIMATOR	World Intellectual Property Organization	Feb 19, 2014	PCTUS2014017198	Pending	Accuray Incorporated
RADIATION TREATMENT PLANNING AND DELIVERY FOR MOVING TARGETS IN THE HEART	World Intellectual Property Organization	Mar 16, 2009	PCTUS2009037298	Pending	Accuray Incorporated and Cyberheart, Inc.

US Patent “Pending/Allowed” Matters

TITLE	COUNTRY	DATE FILED	APPLICATION NUMBER	STATUS	OWNER
ROBOTIC ARM FOR PATIENT POSITIONING ASSEMBLY	US	Mar 9, 2012	13417003	Pending	Accuray Incorporated
FRAMELESS RADIOSURGERY TREATMENT SYSTEM AND METHOD	US	Dec 18, 2013	14133111	Allowed	Accuray Incorporated
FRAMELESS RADIOSURGERY TREATMENT SYSTEM AND METHOD	US	Jan 23, 2017	15412958	Pending	Accuray Incorporated
TREATMENT PLANNING SOFTWARE AND CORRESPONDING USER INTERFACE	US	Nov 8, 2011	13291830	Pending	Accuray Incorporated
DYNAMIC TRACKING OF MOVING TARGETS	US	Mar 10, 2015	14643579	Allowed	Accuray Incorporated
RADIATION TREATMENT PLANNING USING FOUR-DIMENSIONAL IMAGING DATA	US	Sep 28, 2006	11540327	Pending	Accuray Incorporated
A NON-INVASIVE METHOD FOR USING 2D ANGIOGRAPHIC IMAGES FOR RADIOSURGICAL TARGET DEFINITION	US	Jul 26, 2016	15219514	Pending	Accuray Incorporated
Automatic correlation modeling of an internal target	US	Jan 8, 2016	14991428	Pending	Accuray Incorporated
Automatic correlation modeling of an internal target	US	Jan 8, 2016	14991759	Pending	Accuray Incorporated
FIDUCIAL LOCALIZATION	US	Jun 18, 2008	12214771	Pending	Accuray Incorporated
Controlling Timing for X-ray Imaging Based on Target Motion	US	Mar 2, 2015	14634298	Pending	Accuray Incorporated

Rotatable Gantry Radiation Treatment System	US	Jun 28, 2016	15194978	Allowed	Accuray Incorporated
Gantry Image Guided Radiotherapy System And Related Treatment Delivery Methods	US	Mar 23, 2016	15078553	Pending	Accuray Incorporated
Medical imaging and image-guided radiation treatment	US	Jul 29, 2014	14446136	Pending	Accuray Incorporated
Radiation Treatment Delivery System with Outwardly Movable Radiation Treatment Head Extending from Ring Gantry	US	Mar 19, 2015	14663075	Pending	Accuray Incorporated

TRACKING DURING RADIATION TREATMENT USING ULTRASOUND IMAGING	US	Jul 13, 2015	14798179	Pending	Accuray Incorporated
TUMOR TRACKING DURING RADIATION TREATMENT USING ULTRASOUND IMAGING	US	Jul 15, 2015	14800473	Pending	Accuray Incorporated
Radiation Treatment Delivery System With Translatable Ring Gantry	US	Apr 15, 2011	13088289	Allowed	Accuray Incorporated
APPARATUS FOR GENERATING MULTI-ENERGY X-RAY IMAGES AND METHODS OF USING THE SAME	US	Jul 12, 2016	15208049	Pending	Accuray Incorporated
Gantry Image Guided Radiotherapy System And Related Treatment Delivery Methods	US	Feb 23, 2011	13033584	Pending	Accuray Incorporated
IMAGE-BASED APERTURE VERIFICATION SYSTEM FOR MULTI-LEAF COLLIMATOR	US	Jan 27, 2016	15008232	Published	Accuray Incorporated

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[*****]	US	[*****]	[*****]	Pending	Accuray Incorporated
VERIFICATION OF LEAF POSITIONS FOR MULTI-LEAF COLLIMATOR USING MULTIPLE VERIFICATION SYSTEMS	US	Jan 27, 2016	15008239	Published	Accuray Incorporated
*A METHOD FOR IMAGE-BASED MLC LEAF POSITION TRACKING BY TRANSFORMING CAMERA IMAGES	US	Dec 17, 2015	14973406	Published	Accuray Incorporated
[*****]	US	[*****]	[*****]	Pending	Accuray Incorporated
[*****]	US	[*****]	[*****]	Pending	Accuray Incorporated
[*****]	US	[*****]	[*****]	Pending	Accuray Incorporated
MANIPULATION OF A RESPIRATORY MODEL VIA ADJUSTMENT OF PARAMETERS ASSOCIATED WITH MODEL IMAGES	US	Jan 25, 2016	15005971	Pending	Accuray Incorporated
PRESENTING A SEQUENCE OF IMAGES ASSOCIATED WITH A MOTION MODEL	US	Jan 25, 2016	15005985	Pending	Accuray Incorporated
[*****]	US	[*****]	[*****]	Pending	Accuray Incorporated
[*****]	US	[*****]	[*****]	Pending	Accuray Incorporated

[*****] Asterisks indicate that confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

[*****]	US	[*****]	**[*****]**	Pending	Accuray Incorporated
[*****]	US	[*****]	[*****]	Pending	Accuray Incorporated
[*****]	US	[*****]	[*****]	Pending	Accuray Incorporated
[*****]	US	[*****]	[*****]	Pending	Accuray Incorporated
[*****]	US	[*****]	[*****]	Pending	Accuray Incorporated
RADIATION THERAPY IMAGING AND DELIVERY UTILIZING COORDINATED MOTION OF GANTRY AND COUCH	US	Jul 21, 2006	11459161	Published	TomoTherapy Incorporated
ELECTROMAGNETICALLY ACTUATED MULTI-LEAF COLLIMATOR	US	Feb 26, 2013	61769549	Pending	Accuray Incorporated & TomoTherapy Incorporated
[*****]	US	[*****]	[*****]	Pending	Accuray Incorporated

[*****] Asterisks indicate that confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

Schedule 4.9
Litigation, Governmental Proceedings and Other Notice Events

- [*****]

[*****] Asterisks indicate that confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

Schedule 5.1
Debt; Contingent Obligations

- Reimbursement obligations in respect of:
  - the Standby Letter of Credit issued to Hintex B.V., Netherlands for EUR 11,838 in November 2010; and
  - the Standby Letter of Credit issued to Pacific Gas and Electric Company, USA for $133,100 in November 2011.
- [*****]

[*****] Asterisks indicate that confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

Schedule 5.2
Liens

- Liens in connection with:
  - Certificate of Deposit #8046436708 held by Wells Fargo Bank, N.A., as collateral against the Standby Letter of Credit issued to Hintex B.V., Netherlands for EUR 11,838 in November 2010; and
  - Certificate of Deposit #6421121341 held by Wells Fargo Bank, N.A., as collateral against the Standby Letter of Credit issued to Pacific Gas and Electric Company, USA for $133,100 in November 2011.

Schedule 5.7
Permitted Investments

- **Investments**:

Owner	Description	Current Units as of 03/31/17	Currency	Security Type	Securities Account
Accuray Incorporated	[*****]	[*****]	USD	[*****]	Merill Lynch Wealth Management
Accuray Incorporated	[*****]	[*****]	USD	[*****]	Merill Lynch Wealth Management
Accuray Incorporated	[*****]	[*****]	USD	[*****]	Merill Lynch Wealth Management
Accuray Incorporated	[*****]	[*****]	USD	[*****]	Merill Lynch Wealth Management
Accuray Incorporated	[*****]	[*****]	USD	[*****]	Merill Lynch Wealth Management
Accuray Incorporated	[*****]	[*****]	USD	[*****]	Merill Lynch Wealth Management
Accuray Incorporated	[*****]	[*****]	USD	[*****]	Merill Lynch Wealth Management
Accuray Incorporated	[*****]	[*****]	USD	[*****]	Merill Lynch Wealth Management

- **Intercompany Loans**:
  - Agreement, dated as of September 20, 2007, between TomoTherapy Incorporated, as creditor, and TomoTherapy Europe SARL, as Company, as amended. As of March 31, 2017, there was [*****] outstanding with respect to this loan.

· Loan between Accuray Incorporated, as lender, and Accuray Medical Equipment (Russia) LLC, as debtor. As of March 31, 2017, there was [*****] outstanding with respect to this loan.

[*****] Asterisks indicate that confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

· **Equity in subsidiaries:**

Owner	Subsidiary	Balance as of 3/31/17
Accuray Incorporated	Accuray International SARL	[*****]
Accuray Incorporated	Accuray Brasil	[*****]
TomoTherapy Incorporated	TomoTherapy Europe SARL	[*****]
TomoTherapy Incorporated	Accuray Accelerator Technology Company Inc.	[*****]

· **Other Investments:**

Accuray Incorporated owns [*****] Series A preferred stock in [*****]

[*****] Asterisks indicate that confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

Schedule 5.8
Affiliate Transactions

None.

Schedule 5.14
Deposit Accounts and Securities Accounts

Entity	Bank	Address	Account #	Description	Currency
Accuray Incorporated	Wells Fargo	400 Hamilton Ave. Palo Alto, CA 94301	[*****]	Main Operating	USD
Accuray Incorporated	Wells Fargo	400 Hamilton Ave. Palo Alto, CA 94301	[*****]	Payroll Account	USD
Accuray Incorporated	Wells Fargo	400 Hamilton Ave. Palo Alto, CA 94301	[*****]	Lockbox Account	USD
Accuray Incorporated	Wells Fargo	400 Hamilton Ave. Palo Alto, CA 94301	[*****]	Restricted cash	USD
Accuray Incorporated	Wells Fargo	400 Hamilton Ave. Palo Alto, CA 94301	[*****]	Restricted cash	USD
TomoTherapy Incorporated	Wells Fargo	400 Hamilton Ave. Palo Alto, CA 94301	[*****]	Main Operating	USD
TomoTherapy Incorporated	Wells Fargo	400 Hamilton Ave. Palo Alto, CA 94301	[*****]	Lockbox Account	USD
Accuray Incorporated	Merill Lynch Wealth Management	2049 Century Park E, 11/12 FL; Century City, CA 90067	[*****]	Short-term investments	USD
Accuray Incorporated	Wells Fargo Securities	45 Fremont St 34th Floor; San Francisco, CA 94104	[*****]	Short term investments — no securities in the account as of date	USD

[*****] Asterisks indicate that confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

Schedule 7.4 — Post-Closing Requirements

Borrowers shall satisfy and complete each of the following obligations, or provide Agent each of the items listed below, as applicable, on or before the date indicated below, all to the satisfaction of Agent in its sole and absolute discretion:

1. Borrowers shall, within five (5) Business Days of the Closing Date, deliver to Agent such evidence as Agent may reasonably request that that certain Irrevocable Standby Letter of Credit Number: IS0497291U, issued by Wells Fargo Bank, N.A. on March 10, 2017 has been terminated and that the account or certificate of deposit which cash collateralized such letter of credit has been closed and all funds available in such account or certificate of deposit have been transferred to a deposit account subject to Deposit Account Control Agreement with Agent;

2. Borrowers shall within fourteen (14) days of the Closing Date, deliver to Agent additional insured, lender's loss payable and notice of cancellation endorsements with respect to the insurance maintained by Borrowers, all in form and substance reasonably satisfactory to Agent;

3. Borrowers shall within thirty (30) days of the Closing Date, deliver to Agent, all in form and substance reasonably satisfactory to Agent:

(a) a Securities Account Control — Consent Agreement with Wells Fargo Securities, LLC, with respect to account no. [*****]; and

(b) a Pledged Collateral Account Control Agreement with Merrill Lynch, Pierce, Fenner & Smith Incorporated with respect to account no. [*****]; and

4. Borrowers shall within ninety (90) days of the Closing Date, deliver to Agent, in form and substance reasonably satisfactory to Agent, a Landlord's Subordination of Lien with KR Chesapeake Commons, LLC with respect to the real property commonly known as 1310-1314 and 1320 Chesapeake Terrace, Sunnyvale, California.

Borrowers' failure to complete and satisfy any of the above obligations on or before the date indicated above, or Borrowers' failure to deliver any of the above listed items on or before the date indicated above, shall constitute an immediate an automatic Event of Default.

[*****] Asterisks indicate that confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

Schedule 9.1 — Collateral

The Collateral consists of all of Borrowers' assets, including without limitation, all of Borrowers' right, title and interest in and to the following, whether now owned or hereafter created, acquired or arising:

(a) all goods, Accounts (including health-care insurance receivables), equipment, Inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles, Intellectual Property, commercial tort claims, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts, securities accounts, fixtures, letter of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located;

(b) all of Borrowers' books and records relating to any of the foregoing; and

(c) any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

Notwithstanding anything to the contrary of the foregoing, Collateral shall not include Excluded Property.

Schedule 9.2
Location of Collateral

Company	Chief Executive Office	Chief Place of Business	Books and Records
Accuray Incorporated	1310 Chesapeake Terrace Sunnyvale, CA 94089	1310 Chesapeake Terrace Sunnyvale, CA 94089	1310 Chesapeake Terrace Sunnyvale, CA 94089 1209 Deming Way Madison, WI 53717
TomoTherapy Incorporated	1310 Chesapeake Terrace Sunnyvale, CA 94089	1310 Chesapeake Terrace Sunnyvale, CA 94089	1310 Chesapeake Terrace Sunnyvale, CA 94089 1209 Deming Way Madison, WI 53717

Street Address	City	State or Country	Zip Code	Inventory Values as of March 31, 2017	Nature of such Location	Name and address of third party owning or

						operating that location
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]
[*****]	[*****]	[*****]	[*****]	[*****]	[*****]	[*****]

[*****] Asterisks indicate that confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

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Exhibit 21.1

Subsidiaries of the Registrant

Name	State or Jurisdiction of Organization
Accuray International SARL	Switzerland
Accuray Europe	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 (Rus) LLC.	Russia
Accuray Medical Equipment GmbH	Germany
Accuray Medical Equipment (Canada) Ltd.	Canada
Accuray Mexico, S.A. de C.V.	Mexico
Accuray Medical Equipment Co., Ltd.	China
Accuray Brasil Comércio, Importação e Exportação de Equipamentos Médicos Ltda	Brazil
Accuray Cayman Islands	Cayman Islands
Accuray Belgium	Belgium
Accuray Italy S.R.L	Italy
Accuray Netherlands B.V.	Netherlands
Accuray Accelerator Technology Company Limited	China
TomoTherapy Incorporated	United States
TomoTherapy Europe Sarl	Switzerland
Morphormics, Inc.	United States

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Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated August 25, 2017, with respect to the consolidated financial statements and internal control over financial reporting included in the Annual Report of Accuray Incorporated on Form 10-K for the year ended June 30, 2017. We hereby consent to the incorporation by reference of said reports in the Registration Statements of Accuray Incorporated on Forms S-8 (File No. 333-214833, Effective November 30, 2016, File No.333-213295, effective August 24, 2016, File No. 333-207865, effective November 6, 2015, File No. 333-199997, effective November 7, 2014, File No. 333-174952, effective June 17, 2011, File No. 333-169139, effective September 1, 2010, File No. 333-166606, effective May 6, 2010, File No. 333-157120, effective February 5, 2009 and File Nos. 333-141194, 333-141195 and 333-141197, effective March 9, 2007).

/s/ GRANT THORNTON LLP

San Jose, California

August 25, 2017

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Exhibit 31.1

CERTIFICATION

I, Joshua H. Levine, 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 25, 2017

/s/ JOSHUA H. LEVINE

Joshua H. Levine
President and Chief Executive Officer
(Principal Executive Officer)

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Exhibit 31.2

CERTIFICATION

I, Kevin M. Waters, 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 25, 2017

/s/ KEVIN M. WATERS

Kevin M. Waters
Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

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Exhibit 32.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officers of Accuray Incorporated, a Delaware corporation (the "*Company*"), hereby certify, to such officers' knowledge, that:

(i) the accompanying Annual Report on Form 10-K of the Company for the twelve months ended June 30, 2017 (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 25, 2017

/s/ JOSHUA H. LEVINE

Joshua H. Levine
President and Chief Executive Officer
(Principal Executive Officer)

/s/ KEVIN M. WATERS

Kevin M. Waters
Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

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