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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

In re ACCURAY INC. SECURITIES
LITIGATION

Master File No. 4:09-cv-03362-CW

CLASS ACTION

This Document Relates To:

STIPULATION OF SETTLEMENT

ALL ACTIONS.

1 This Stipulation of Settlement, dated as of April 27, 2011 (the "Stipulation"), is made and
 2 entered into by and among the following Settling Parties (as defined further in Section III hereof) to
 3 the above-entitled Litigation: (i) the Lead Plaintiffs (on behalf of themselves and each of the
 4 Settlement Class Members), by and through their counsel of record in the Litigation; and (ii) the
 5 Defendants, by and through their counsel of record in the Litigation. The Stipulation is intended by
 6 the Settling Parties to fully, finally and forever resolve, discharge and settle the Released Claims,
 7 upon and subject to the terms and conditions hereof.

8 **I. THE LITIGATION**

9 On July 22, 2009, an action was filed in the United States District Court for the Northern
 10 District of California as a securities fraud class action on behalf of purchasers of Accuray Inc.
 11 securities. Two related class actions were subsequently filed and all three cases were consolidated
 12 by the Court on October 7, 2009. The consolidated actions are referred to herein as the "Litigation."

13 On October 26, 2009, the Court appointed the City of Brockton Retirement System and
 14 Zhengxu He (collectively the "Accuray Investor Group") as Lead Plaintiff pursuant to
 15 §21D(a)(3)(B) of the Securities Exchange Act of 1934 (the "Exchange Act") as amended by the
 16 Private Securities Litigation Reform Act of 1995, and approved its selection of Robbins Geller
 17 Rudman & Dowd LLP and Labaton Sucharow LLP as Lead Counsel.

18 On August 31, 2010, the Court granted defendants' motion to dismiss the consolidated
 19 complaint and granted plaintiffs leave to file an amended complaint. The operative complaint in the
 20 Litigation is the [Corrected] First Amended Class Action Complaint for Violations of the Federal
 21 Securities Laws (the "Complaint") filed October 4, 2010. The Complaint alleges violations of
 22 §§10(b) and 20(a) of the Exchange Act on behalf of a class of all purchasers of Accuray securities
 23 between February 7, 2007 and August 19, 2008.

24 **II. ASSERTIONS AND DENIALS OF THE SETTLING PARTIES AND THE 25 BENEFITS OF THE SETTLEMENT**

26 Lead Plaintiffs believe that the claims asserted in the Litigation have merit and that the
 27 evidence developed to date supports the claims. Lead Plaintiffs recognize and acknowledge the
 28 expense and length of continued proceedings necessary to prosecute the Litigation against

1 Defendants through trial and through appeals. Lead Plaintiffs have also taken into account the
2 uncertain outcome and the risk of any litigation, especially in complex actions such as the Litigation,
3 as well as the difficulties and delays inherent in such litigation. Lead Plaintiffs are also mindful of
4 the problems of proof, and possible defenses to the securities law violations asserted in the
5 Litigation. Lead Plaintiffs believe that the Settlement set forth in the Stipulation confers substantial
6 benefits upon the Settlement Class Members, is in the best interests of the Lead Plaintiffs and the
7 Settlement Class Members, and is fair, reasonable and adequate.

8 Defendants, individually and collectively, have denied and continue to deny each and all of
9 the claims and contentions alleged by Lead Plaintiffs in the Litigation. Defendants expressly have
10 denied and continue to deny all charges of wrongdoing or liability against them arising out of any of
11 the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Litigation.
12 Defendants further deny that the Lead Plaintiffs or the Settlement Class have suffered damages, that
13 the prices of Accuray securities were artificially inflated during the Settlement Class Period as the
14 result of any alleged misrepresentations, omissions, non-disclosures or otherwise by Defendants, and
15 that the Lead Plaintiffs or the Settlement Class were harmed by the conduct alleged in the
16 Complaint.

17 Nonetheless, Defendants have concluded that further conduct of the Litigation would be
18 protracted and expensive, and that it is desirable that the Litigation be fully and finally settled in the
19 manner and upon the terms and conditions set forth in this Stipulation. Defendants also considered
20 the uncertainty and risks inherent in any litigation, especially in complex cases like the Litigation.
21 Defendants have, therefore, determined that it is desirable and beneficial to them to settle the
22 Litigation in the manner and upon the terms and conditions set forth in this Stipulation.

23 **III. TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT**

24 NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among the
25 Lead Plaintiffs, acting on behalf of themselves and all Settlement Class Members, and Defendants,
26 by and through their respective counsel or attorneys of record, that, subject to the approval of the
27 Court, the Litigation, the Released Claims, and all matters encompassed within the scope of the
28 releases set forth or referenced in this Stipulation shall be finally, fully and forever compromised,

1 settled and released, and the Litigation shall be dismissed with prejudice as to all Settling Parties,
 2 upon and subject to the terms and conditions of the Stipulation, as follows.

3 **1. Definitions**

4 As used in this Stipulation, the following terms have the meanings specified below:

5 1.1 "Accuray" means Accuray Inc.

6 1.2 "Authorized Claimant" means any Settlement Class Member whose claim for
 7 recovery has been allowed pursuant to the terms of the Stipulation.

8 1.3 "Claimant" means any Settlement Class Member who files a Proof of Claim and
 9 Release in such form and manner, and within such time, as the Court shall prescribe.

10 1.4 "Claims Administrator" means Gilardi & Co. LLC.

11 1.5 "Complaint" means the [Corrected] First Amended Class Action Complaint for
 12 Violations of the Federal Securities Laws, filed in the Litigation on October 4, 2010.

13 1.6 "Court" means the United States District Court for the Northern District of California.

14 1.7 "Defendants" means Accuray and the Individual Defendants.

15 1.8 "Effective Date" means the first date by which all of the events and conditions
 16 specified in ¶8.1 of the Stipulation have been met and have occurred.

17 1.9 "Escrow Account" means the interest-bearing account controlled by the Escrow
 18 Agent into which Accuray shall deposit or cause its insurance carriers to deposit the sum of
 19 \$13,500,000 on behalf of Defendants.

20 1.10 "Escrow Agent" means the law firms of Robbins Geller Rudman & Dowd LLP and
 21 Labaton Sucharow LLP or their successors.

22 1.11 "Final" means when the last of the following with respect to the Judgment approving
 23 the Stipulation, in the form of Exhibit B attached hereto, shall occur: (i) the expiration of the time to
 24 file a motion to alter or amend the Judgment under Federal Rule of Civil Procedure 59(e) has passed
 25 without any such motion having been filed; (ii) the expiration of the time in which to appeal the
 26 Judgment has passed without any appeal having been taken, which date shall be deemed to be thirty
 27 (30) days following the entry of the Judgment, unless the date to take such an appeal shall have been
 28 extended by Court order or otherwise, or unless the thirtieth (30th) day falls on a weekend or a Court

1 holiday, in which case the date for purposes of this Stipulation shall be deemed to be the next
 2 business day after such thirtieth (30th) day; and (iii) if a motion to alter or amend the Judgment
 3 under Federal Rule of Civil Procedure 59(e) is filed or if an appeal is taken, immediately after the
 4 determination of that motion or appeal so that it is no longer subject to any further judicial review or
 5 appeal whatsoever, whether by reason of affirmance by a court of last resort, lapse of time, voluntary
 6 dismissal of the appeal or otherwise, and in such a manner as to permit the consummation of the
 7 Settlement in accordance with the terms and conditions of this Stipulation. For purposes of this
 8 paragraph, an “appeal” shall include any petition for a writ of certiorari or other writ that may be
 9 filed in connection with approval or disapproval of this Settlement, but shall not include any appeal
 10 that concerns only the issue of attorneys’ fees and reimbursement of costs or the Plan of Allocation
 11 of the Settlement Fund.

12 1.12 “Final Approval Hearing” means the hearing to determine whether the proposed
 13 Settlement embodied by this Stipulation is fair, reasonable and adequate to the Settlement Class, and
 14 whether the Court should enter a Judgment approving the proposed Settlement.

15 1.13 “Individual Defendants” means Euan S. Thomson, Robert E. McNamara, John R.
 16 Adler, Jr., Wade B. Hampton and Ted Tu.

17 1.14 “Judgment” means the judgment to be rendered by the Court, in the form attached
 18 hereto as Exhibit B, or such other substantially similar form agreed to by the Settling Parties.

19 1.15 “Lead Counsel” means Robbins Geller Rudman & Dowd LLP and Labaton Sucharow
 20 LLP.

21 1.16 “Lead Plaintiffs” means Zhengxu He, Individually and as Trustee for the He and Fang
 22 2005 Revocable Trust and Zhengxu He Roth IRA, and City of Brockton Retirement System.

23 1.17 “Notice Order” means the preliminary approval order as entered by the Court for
 24 mailing and publication of notice.

25 1.18 “Person” means a natural person, individual, corporation, partnership, limited
 26 partnership, association, joint stock company, estate, legal representative, trust, unincorporated
 27 association, government or any political subdivision or agency thereof, and any business or legal
 28 entity and their spouses, heirs, predecessors, successors, representatives or assignees.

1 1.19 “Plan of Allocation” means a plan or formula of allocation of the Settlement Fund
2 whereby the Settlement Fund shall be distributed to Authorized Claimants after payment of expenses
3 of notice and administration of the Settlement, Taxes and Tax Expenses, and such attorneys’ fees,
4 costs, expenses and interest as may be awarded by the Court. Any Plan of Allocation is not part of
5 the Stipulation and Defendants and their Related Parties shall have no responsibility therefore or
6 liability with respect thereto.

7 1.20 “Related Parties” means each of a Defendant’s past or present directors, officers,
8 employees, partners, insurers, co-insurers, reinsurers, principals, controlling shareholders, attorneys,
9 accountants, auditors, underwriters, investment advisors, personal or legal representatives,
10 predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns, spouses, heirs,
11 estates, related or affiliated entities, any entity in which a Defendant has a controlling interest, any
12 member of an Individual Defendant’s immediate family, any trust of which an Individual Defendant
13 is the settlor or which is for the benefit of an Individual Defendant and/or any member of an
14 Individual Defendant’s immediate family, and any entity in which a Defendant and/or any member
15 of an Individual Defendant’s immediate family has or have a controlling interest (directly or
16 indirectly).

17 1.21 “Released Claims” shall collectively mean all claims (including Unknown Claims as
18 defined in ¶1.32 hereof), demands, rights, liabilities and causes of action of every nature and
19 description whatsoever, known or unknown, contingent or absolute, mature or immature,
20 discoverable or undiscoverable, whether concealed or hidden, suspected or unsuspected, which now
21 exist, or heretofore have existed, asserted or that could have been asserted by the Lead Plaintiffs or
22 any Settlement Class Member against the Defendants and their Related Parties based upon or arising
23 out of both (a) the facts, transactions, events, occurrences, disclosures, statements, acts, omissions or
24 failures to act which were or could have been alleged in the Litigation and (b) the purchase or
25 acquisition of Accuray securities by the Lead Plaintiffs or any Settlement Class Member during the
26 Settlement Class Period.

27 1.22 “Released Parties” means each and all of the Defendants and each and all of their
28 Related Parties.

1 1.23 "Settlement" means the settlement contemplated by this Stipulation.

2 1.24 "Settlement Class," "Settlement Class Members," or "Members of the Settlement
3 Class" mean all Persons who purchased Accuray common stock during the period between February
4 7, 2007 and August 19, 2008, inclusive, and who were allegedly damaged thereby. Excluded from
5 the Settlement Class are Defendants; any entity in which any Defendant has or had a controlling
6 interest or that is a parent or subsidiary or is controlled by any Defendant; Defendants' officers and
7 directors, including any person who was an officer or director during the Settlement Class Period;
8 Defendants' affiliates, legal representatives, heirs, predecessors, successors or assigns; and members
9 of the Individual Defendants' immediate families. Also excluded from the Settlement Class are
10 those Persons who timely and validly request exclusion from the Settlement Class pursuant to the
11 Notice of Pendency and Proposed Settlement of Class Action.

12 1.25 "Settlement Class Period" means the period between February 7, 2007 and August
13 19, 2008, inclusive.

14 1.26 "Settlement Fund" means the principal amount of Thirteen Million Five Hundred
15 Thousand Dollars (\$13,500,000), plus any accrued interest earned thereon.

16 1.27 "Settling Parties" means, collectively, the Defendants and the Lead Plaintiffs, on
17 behalf of themselves and the Settlement Class Members.

18 1.28 "Stipulation" means this Stipulation of Settlement, including the recitals and Exhibits
19 hereto.

20 1.29 "Supplemental Agreement" means the agreement described in ¶8.3.

21 1.30 "Taxes" means all taxes (including any estimated taxes, interest or penalties) arising
22 with respect to the income earned by the Settlement Fund.

23 1.31 "Tax Expenses" means expenses and costs incurred in connection with the calculation
24 and payment of taxes or the preparation of tax returns and related documents including, without
25 limitation, expenses of tax attorneys and/or accountants and mailing and distribution costs and
26 expenses relating to filing (or failing to file) the returns described in ¶2.8.

27 1.32 "Unknown Claims" means collectively any Released Claims that the Lead Plaintiffs
28 or any Settlement Class Member does not know or suspect to exist in his, her or its favor at the time

1 of the release of the Released Parties which, if known by him, her or it, might have affected his, her
2 or its settlement with and release of the Released Parties, or might have affected his, her or its
3 decision not to object to or opt out of this Settlement. With respect to any and all Released Claims,
4 the Settling Parties stipulate and agree that, upon the Effective Date, Lead Plaintiffs shall expressly
5 waive, and each of the Settlement Class Members shall be deemed to have waived, and by operation
6 of the Judgment shall have waived, the provisions, rights and benefits of California Civil Code
7 §1542, which provides:

8 **A general release does not extend to claims which the creditor does not**
9 **know or suspect to exist in his or her favor at the time of executing the release,**
10 **which if known by him or her must have materially affected his or her**
11 **settlement with the debtor.**

12 Lead Plaintiffs shall expressly waive and each of the Settlement Class Members shall be deemed to
13 have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights
14 and benefits conferred by any law of any state or territory of the United States, or principle of
15 common law, which is similar, comparable or equivalent to California Civil Code §1542. Lead
16 Plaintiffs and Settlement Class Members may hereafter discover facts in addition to or different from
17 those which he, she or it now knows or believes to be true with respect to the subject matter of the
18 Released Claims, but Lead Plaintiffs shall expressly fully, finally and forever settle and release, and
19 each Settlement Class Member, upon the Effective Date, shall be deemed to have, and by operation
20 of the Judgment shall have, fully, finally, and forever settled and released, any and all Released
21 Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not
22 concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity
23 now existing or coming into existence in the future, including, but not limited to, conduct which is
24 negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to
25 the subsequent discovery or existence of such different or additional facts. Lead Plaintiffs
26 acknowledge, and the Settlement Class Members shall be deemed by operation of the Judgment to
27 have acknowledged, that the foregoing waiver was separately bargained for and a key element of the
28 Settlement of which this release is a part.

1 **2. The Settlement**

2 **a. The Settlement Fund**

3 2.1 In consideration of the terms of this Stipulation, Accuray shall pay or cause its
4 insurers to pay the sum of \$13,500,000 (the "Settlement Amount") into the Escrow Account no later
5 than twenty (20) business days after entry of the Court's order preliminarily approving the
6 Settlement. If the agreed upon sum is not timely transferred to the Escrow Account, the Settlement
7 may be voided at the option of Lead Plaintiffs. No Individual Defendant shall be personally
8 responsible for paying any portion of the Settlement Amount.

9 2.2 Subject to ¶¶2.9 and 6.1 below, the payment described in ¶2.1 is the only payment to
10 be made by or on behalf of Defendants in connection with this Settlement.

11 **b. The Escrow Agent**

12 2.3 The Escrow Agent shall invest the Settlement Amount deposited pursuant to ¶2.1
13 hereof in instruments backed by the full faith and credit of the United States Government or fully
14 insured by the United States Government or an agency thereof and shall reinvest the proceeds of
15 these instruments as they mature in similar instruments at their then-current market rates. The
16 Settlement Fund shall bear all risks related to the investments of the Settlement Amount.

17 2.4 The Escrow Agent shall not disburse the Settlement Fund except as provided in the
18 Stipulation, by an order of the Court, or with the written agreement of Lead Counsel and
19 Defendants' counsel.

20 2.5 Subject to further order and/or direction as may be made by the Court, the Escrow
21 Agent is authorized to execute such transactions as are consistent with the terms of the Stipulation.

22 2.6 All funds held by the Escrow Agent shall be deemed and considered to be in *custodia*
23 *legis* of the Court, and shall remain subject to the jurisdiction of the Court, until such time as such
24 funds shall be distributed pursuant to this Stipulation and/or further order(s) of the Court.

25 2.7 The Escrow Agent shall establish a "Notice and Administration Fund," and may
26 deposit up to \$500,000 from the Settlement Fund into it. The Notice and Administration Fund shall
27 be used by Lead Counsel to pay the costs and expenses reasonably and actually incurred in
28 connection with providing notice to the Settlement Class, locating Settlement Class Members,

1 assisting with the filing of claims, administering and distributing the Settlement Fund to Authorized
 2 Claimants and processing Proof of Claim and Release forms. The Notice and Administration Fund
 3 shall also be invested and earn interest as provided in ¶2.3 above. If the costs of notice and
 4 administration do not exceed \$500,000, the balance shall be refunded to the Settlement Fund by the
 5 Escrow Agent. Subject to ¶¶2.9 and 6.1 below, Defendants are not responsible for, and shall not be
 6 liable for, any costs incurred in connection with providing notice to the Settlement Class, locating
 7 Settlement Class Members, assisting with the filing of claims, administering and distributing the
 8 Settlement Fund or processing Proof of Claim and Release forms.

9 **c. Taxes**

10 2.8 (a) The Settling Parties and the Escrow Agent agree to treat the Settlement Fund
 11 as being at all times a “qualified settlement fund” within the meaning of Treas. Reg. §1.468B-1. In
 12 addition, the Escrow Agent shall timely make such elections as necessary or advisable to carry out
 13 the provisions of this ¶2.8, including the “relation-back election” (as defined in Treas. Reg. §1.468B-
 14 1) back to the earliest permitted date. Such elections shall be made in compliance with the
 15 procedures and requirements contained in such regulations. It shall be the responsibility of the
 16 Escrow Agent to timely and properly prepare and deliver the necessary documentation for signature
 17 by all necessary parties, and thereafter to cause the appropriate filing to occur.

18 (b) For the purpose of §1.468B of the Internal Revenue Code of 1986, as
 19 amended, and the regulations promulgated thereunder, the “administrator” shall be the Escrow
 20 Agent. The Escrow Agent shall timely and properly file all informational and other tax returns
 21 necessary or advisable with respect to the Settlement Fund (including, without limitation, the returns
 22 described in Treas. Reg. §1.468B-2(k)). Such returns (as well as the election described in ¶2.8(a)
 23 hereof) shall be consistent with this ¶2.8 and in all events shall reflect that all Taxes (including any
 24 estimated Taxes, interest or penalties) on the income earned by the Settlement Fund shall be paid out
 25 of the Settlement Fund as provided in ¶2.8(c) hereof.

26 (c) All (i) Taxes (including any estimated Taxes, interest or penalties) arising
 27 with respect to the income earned by the Settlement Fund, including any Taxes or tax detriments that
 28 may be imposed upon the Defendants or their Related Parties with respect to any income earned by

1 the Settlement Fund for any period during which the Settlement Fund does not qualify as a
 2 “qualified settlement fund” for federal or state income tax purposes, and (ii) Tax Expenses shall be
 3 paid out of the Settlement Fund; in no event shall Defendants, their Related Parties, or their counsel
 4 have any responsibility for, or liability whatsoever with respect to, the Taxes or the Tax Expenses.
 5 Further, Taxes and Tax Expenses shall be treated as, and considered to be, a cost of administration of
 6 the Settlement Fund and shall be timely paid by the Escrow Agent out of the Settlement Fund
 7 without prior order from the Court and the Escrow Agent shall be obligated (notwithstanding
 8 anything herein to the contrary) to withhold from distribution to Authorized Claimants any funds
 9 necessary to pay such amounts, including the establishment of adequate reserves for any Taxes and
 10 Tax Expenses (as well as any amounts that may be required to be withheld under Treas. Reg.
 11 §1.468B-2(1)(2)); neither Defendants, their Related Parties, their counsel, nor their insurers are
 12 responsible therefore nor shall they have any liability with respect thereto. The Settling Parties agree
 13 to cooperate with the Escrow Agent, each other, and their tax attorneys and accountants to the extent
 14 reasonably necessary to carry out the provisions of this paragraph.

15 (d) Except as required by ¶2.1 concerning payment of the Settlement Amount and
 16 subject to ¶¶2.9 and 6.1 below, neither Defendants nor their Related Parties are responsible for
 17 Taxes, Tax Expenses, costs and expenses reasonably and actually incurred in connection with
 18 providing notice to the Settlement Class, locating Settlement Class Members, assisting with the
 19 filing of claims, administering and distributing the Net Settlement Fund to Authorized Claimants,
 20 processing Proof of Claim and Release forms, or paying escrow fees and costs, nor shall they be
 21 liable for any claims with respect thereto.

22 **d. Termination of the Settlement**

23 2.9 In the event that the Stipulation is not approved, or is terminated, canceled, or fails to
 24 become effective for any reason, the Settlement Amount, including accrued interest, less the
 25 expenses and Taxes described in ¶¶2.7 and 2.8 hereof actually incurred or due and owing, shall be
 26 refunded to such Persons that paid the Settlement Amount pursuant to written instructions from
 27 Defendants’ counsel.
 28

1 **3. Certification of the Settlement Class**

2 3.1 Solely for purposes of this Settlement, and subject to approval by the Court, the
3 Settling Parties agree that the Settlement Class shall be certified and Lead Plaintiffs and Lead
4 Counsel shall be appointed as representatives of the Settlement Class pursuant to Federal Rule of
5 Civil Procedure 23, as set forth in the Notice Order. Should the Settlement Class not be certified, or
6 should any court attempt to amend the scope of the Settlement Class, each of the Settling Parties
7 reserve the right to void this Stipulation in accordance with ¶8.5 hereof.

8 **4. Preliminary Approval Order and Final Approval Hearing**

9 4.1 Promptly after execution of the Stipulation, Lead Counsel shall submit the Stipulation
10 together with its Exhibits to the Court and shall apply for entry of the Notice Order, in the form of
11 Exhibit A attached hereto, or such other substantially similar form agreed to by the Settling Parties,
12 requesting, *inter alia*, the preliminary approval of the Settlement set forth in the Stipulation, and
13 approval for mailing a settlement notice ("Notice"), in the form of Exhibit A-1 attached hereto, or
14 such other substantially similar form agreed to by Lead Counsel, and publication of a summary
15 notice ("Summary Notice"), in the form of Exhibit A-3 attached hereto, or such other substantially
16 similar form agreed to by the Lead Counsel. The Notice shall include the general terms of the
17 Settlement set forth in the Stipulation, the proposed Plan of Allocation, the general terms of the Fee
18 and Expense Application as defined in ¶7.1 below, and the date of the Final Approval Hearing.

19 4.2 Lead Counsel shall request that after notice is given, the Court hold a Final Approval
20 Hearing and approve the Settlement of the Litigation as set forth herein. Lead Counsel also will
21 request that the Court approve the proposed Plan of Allocation and the Fee and Expense Application.

22 **5. Releases**

23 5.1 Upon the Effective Date, the Lead Plaintiffs, and each of the Settlement Class
24 Members shall be deemed to have, and by operation of the Judgment shall have, fully, finally and
25 forever released, relinquished and discharged all Released Claims against the Released Parties,
26 whether or not such Settlement Class Member executes and delivers a Proof of Claim and Release
27 form. The Settling Parties acknowledge, and the Settlement Class Members shall be deemed by
28 operation of law to acknowledge, that the waiver of Unknown Claims, and of the provisions, rights

1 and benefits of §1542 of the California Civil Code, was bargained for and is a key element of the
2 Settlement of which the release in this paragraph is a part.

3 5.2 The Proof of Claim and Release form ("Proof of Claim") to be executed by
4 Settlement Class Members shall release all Released Claims against the Released Parties and shall be
5 substantially in the form contained in Exhibit A-2 attached hereto, or such other substantially similar
6 form agreed to by Lead Counsel.

7 5.3 Upon the Effective Date, the Lead Plaintiffs and all Settlement Class Members and
8 anyone claiming through or on behalf of any of them, are forever barred and enjoined from
9 commencing, instituting, or continuing to prosecute any action or proceeding in any court of law or
10 equity, arbitration tribunal, administrative forum, or other forum of any kind, asserting against any of
11 the Released Parties, and each of them, any of the Released Claims.

12 5.4 Upon the Effective Date, each of the Released Parties shall be deemed to have, and by
13 operation of the Judgment shall have, fully, finally, and forever released, relinquished and
14 discharged the Lead Plaintiffs, Settlement Class Members, and their counsel, employees, successors
15 and assigns from all claims (including, without limitation, Unknown Claims) arising out of, relating
16 to, or in connection with the institution, prosecution, assertion, settlement or resolution of the
17 Litigation or the Released Claims.

18 **6. Administration and Calculation of Claims, Final Awards and** 19 **Supervision and Distribution of Settlement Fund**

20 6.1 The Claims Administrator shall administer and calculate the claims submitted by
21 Settlement Class Members. The Claims Administrator will be subject to such supervision and
22 direction from the Court and/or Lead Counsel as may be necessary or as circumstances may require.
23 Accuray shall provide or cause to be provided to the Claims Administrator, without any charge to
24 Lead Plaintiffs or the Settlement Class, its shareholder lists in electronic and searchable form, such
25 as an Excel file, within seven (7) calendar days of execution of this Stipulation, as appropriate for
26 providing notice to the Settlement Class.

27 6.2 The Settlement Fund shall be applied as follows:
28

1 (a) to pay all the fees and expenses reasonably and actually incurred in
 2 connection with providing notice, locating Settlement Class Members, assisting with the filing of
 3 claims, administering and distributing the Settlement Fund to Authorized Claimants, processing
 4 Proofs of Claim and paying escrow fees and costs, if any;

5 (b) to pay the Taxes and Tax Expenses described in ¶2.8 hereof;

6 (c) to pay Lead Plaintiffs' attorneys' fees and expenses if and to the extent
 7 allowed by the Court (the "Fee and Expense Award"); and

8 (d) after the Effective Date, to distribute the balance of the Settlement Fund (the
 9 "Net Settlement Fund") to Authorized Claimants as allowed by the Stipulation, the Plan of
 10 Allocation, or the Court.

11 6.3 Upon the Effective Date and thereafter, and in accordance with the terms of the
 12 Stipulation, the Plan of Allocation, or such further approval and further order(s) of the Court as may
 13 be necessary or as circumstances may require, the Net Settlement Fund shall be distributed to
 14 Authorized Claimants, subject to and in accordance with the following.

15 6.4 Within ninety (90) days after the mailing of the Notice or such other time as may be
 16 set by the Court, each Person claiming to be an Authorized Claimant shall be required to submit to
 17 the Claims Administrator a completed Proof of Claim, in the form of Exhibit A-2 attached hereto, or
 18 such other substantially similar form agreed to by Lead Counsel, signed under penalty of perjury and
 19 supported by such documents as are specified in the Proof of Claim and as are reasonably available
 20 to the Authorized Claimant.

21 6.5 Except as otherwise ordered by the Court, all Settlement Class Members who fail to
 22 timely submit a Proof of Claim within such period, or such other period as may be ordered by the
 23 Court, or otherwise allowed, shall be forever barred from receiving any payments pursuant to the
 24 Stipulation and the Settlement set forth herein, but will in all other respects be subject to and bound
 25 by the provisions of the Stipulation, the releases contained herein, and the Judgment.
 26 Notwithstanding the foregoing, Lead Counsel shall have the discretion to accept late-submitted
 27 claims so long as distribution of the Net Settlement Fund is not materially delayed thereby.

28

1 6.6 The Net Settlement Fund shall be distributed to Authorized Claimants substantially in
2 accordance with a Plan of Allocation to be described in the Notice and approved by the Court. If
3 there is any balance remaining in the Net Settlement Fund after six (6) months from the date of
4 distribution of the Net Settlement Fund (whether by reason of tax refunds, uncashed checks or
5 otherwise), Lead Counsel shall, if feasible, reallocate such balance among Authorized Claimants in
6 an equitable and economic fashion. Thereafter, any balance which still remains in the Net
7 Settlement Fund shall be donated to an appropriate, non-profit organization selected by Lead
8 Counsel.

9 6.7 This Settlement is not a claims-made settlement and, if all conditions of the
10 Stipulation are satisfied and the Settlement becomes Final, no portion of the Settlement Fund will be
11 returned to the Defendants or their insurer. Defendants and their Related Parties shall have no
12 responsibility for, interest in, or liability whatsoever with respect to the distribution of the Net
13 Settlement Fund, the Plan of Allocation, the determination, administration, or calculation of claims,
14 the payment or withholding of Taxes or Tax Expenses, or any losses incurred in connection
15 therewith.

16 6.8 No Person shall have any claim against Lead Plaintiffs, Lead Counsel, Defendants,
17 their Related Parties, the Claims Administrator or other entity designated by Lead Counsel based on
18 distributions made substantially in accordance with the Stipulation and the Settlement contained
19 herein, the Plan of Allocation, or further order(s) of the Court. This does not include any claim by
20 any party for breach of this Stipulation.

21 6.9 It is understood and agreed by the Settling Parties that any proposed Plan of
22 Allocation of the Net Settlement Fund including, but not limited to, any adjustments to an
23 Authorized Claimant's claim set forth therein, is not a part of this Stipulation and is to be considered
24 by the Court separately from the Court's consideration of the fairness, reasonableness and adequacy
25 of the Settlement set forth in this Stipulation, and any order or proceeding relating to the Plan of
26 Allocation shall not operate to terminate or cancel this Stipulation or affect or delay the finality of
27 the Court's Judgment approving this Stipulation and the Settlement set forth herein (including the
28 releases contained herein), or any other orders entered pursuant to this Stipulation.

1 **7. Lead Plaintiffs' Attorneys' Fees and Expenses**

2 7.1 Counsel for the Lead Plaintiffs may submit an application or applications (the "Fee
3 and Expense Application") for distributions to them from the Settlement Fund for: (a) an award of
4 attorneys' fees; plus (b) payment of expenses, including Lead Plaintiffs' expenses paid pursuant to
5 15 U.S.C. §78u-4(a)(4), and the fees of any experts or consultants, incurred in connection with
6 prosecuting the Litigation; plus (c) any interest on such fees and expenses at the same rate and for
7 the same time periods as earned by the Settlement Fund (until paid), as may be awarded by the
8 Court. Lead Counsel reserves the right to make additional applications for fees and expenses
9 incurred.

10 7.2 The Fee and Expense Award, as awarded by the Court, shall be paid to Lead Counsel
11 from the Settlement Fund, as ordered, immediately after the Court executes an order awarding such
12 fees and expenses. Lead Counsel may thereafter allocate the attorneys' fees and expenses among
13 counsel for plaintiffs in a manner in which they in good faith believe reflects the contributions of
14 such counsel to the institution, prosecution and resolution of the Litigation. In the event that the
15 Effective Date does not occur, or the Judgment or the order making the Fee and Expense Award is
16 reversed or modified by final non-appealable order, or the Stipulation is canceled or terminated for
17 any other reason, and in the event that the Fee and Expense Award has been paid to any extent, then
18 Lead Counsel shall be obligated, within ten (10) business days from receiving notice from
19 Defendants' counsel or from a court of appropriate jurisdiction, to refund to the Settlement Fund the
20 fees and expenses previously paid to Lead Counsel from the Settlement Fund plus interest thereon at
21 the same rate as earned by the Settlement Fund in an amount consistent with such reversal or
22 modification.

23 7.3 The procedure for and the allowance or disallowance by the Court of any applications
24 by counsel for the plaintiffs for attorneys' fees and expenses, including the fees of experts and
25 consultants, to be paid out of the Settlement Fund, are not part of the Settlement set forth in this
26 Stipulation, and are to be considered by the Court separately from the Court's consideration of the
27 fairness, reasonableness and adequacy of the Settlement set forth in this Stipulation, and any order or
28 proceeding relating to the Fee and Expense Application, or any appeal from any order relating

thereto or reversal or modification thereof, shall not operate to terminate or cancel this Stipulation, or affect or delay the finality of the Judgment approving the Stipulation and the Settlement of the Litigation set forth herein (including the releases contained herein).

7.4 Defendants and their Related Parties shall have no responsibility for or liability with respect to the payment of any Fee and Expense Award to any counsel for plaintiffs, or with respect to the allocation among plaintiffs' counsel, Lead Plaintiffs and/or any other Person who may assert some claim thereto, and Defendants and their Related Parties shall take no position with respect to Lead Counsel's Fee and Expense Application.

8. Conditions of Settlement, Effect of Disapproval, Cancellation or Termination

8.1 The Effective Date of this Stipulation shall be conditioned on the occurrence of all of the following events:

(a) the Settlement Amount has been deposited by Accuray or its insurers into the Escrow Account maintained by the Escrow Agent, as required by ¶2.1 hereof;

(b) the Court has entered the Notice Order, as required by ¶4.1 hereof;

(c) Defendants have not exercised their option to terminate the Stipulation pursuant to ¶8.3 hereof;

(d) the Court has entered the Judgment, in the form of Exhibit B attached hereto, or such other substantially similar form agreed to by the Settling Parties; and

(e) the Judgment has become Final, as defined in ¶1.11 hereof.

8.2 Upon the occurrence of all of the events referenced in ¶8.1 hereof, any and all remaining interest or right of Defendants or their insurers in or to the Settlement Fund, if any, shall be absolutely and forever extinguished. If all of the conditions specified in ¶8.1 hereof are not met, then the Stipulation shall be canceled and terminated subject to ¶8.5 hereof unless Lead Counsel and counsel for Defendants mutually agree in writing to proceed with the Stipulation.

8.3 Defendants shall have the option to terminate the Settlement in the event that Persons who purchased more than a certain number of shares of Accuray common stock during the Settlement Class Period choose to exclude themselves from the Settlement Class ("Opt-Out

Threshold”), as set forth in a separate agreement (the “Supplemental Agreement”) executed between Lead Counsel and Defendants’ counsel, which is incorporated by reference into this Stipulation. The Opt-Out Threshold may be disclosed to the Court for purposes of approval of the Settlement, as may be required by the Court, but such disclosure shall be carried out to the fullest extent possible in accordance with the practices of the Court so as to maintain the Opt-Out Threshold as confidential. In the event of a termination of this Settlement pursuant to the Supplemental Agreement, this Stipulation shall become null and void and of no further force and effect.

8.4 Unless otherwise ordered by the Court, in the event the Stipulation shall terminate, or be canceled, or shall not become effective for any reason, then within ten (10) business days after written notification of such event is sent by counsel for Defendants or Lead Counsel to the Escrow Agent, the Settlement Fund (including accrued interest), less any expenses and costs reasonably and actually incurred pursuant to ¶2.7 and paid from the Notice and Administration Fund and Taxes and Tax Expenses that have been paid pursuant to ¶2.8 hereof, shall be refunded by the Escrow Agent pursuant to written instructions from counsel for Defendants. At the request of Defendants’ counsel, the Escrow Agent or its designee shall apply for any tax refund owed on the Settlement Fund and pay the proceeds, after deduction of any fees or expenses incurred in connection with such application(s) for refund, pursuant to written direction from Defendants’ counsel.

8.5 In the event that the Stipulation is not approved by the Court or the Settlement set forth in the Stipulation is terminated or fails to become effective in accordance with its terms, the Settling Parties shall be restored to their respective positions in the Litigation as of April 26, 2011. In such event, the terms and provisions of the Stipulation, with the exception of ¶¶2.7-2.9, 8.3-8.4 and 8.6 and 9.4 hereof, shall have no further force and effect with respect to the Settling Parties and shall not be used in this Litigation or in any other proceeding for any purpose, and any judgment or order entered by the Court in accordance with the terms of the Stipulation shall be treated as vacated, *nunc pro tunc*. No order of the Court or modification or reversal on appeal of any order of the Court concerning the Plan of Allocation or any Fee and Expense Award shall constitute grounds for cancellation or termination of the Stipulation.

1 8.6 If the Effective Date does not occur, or if the Stipulation is terminated pursuant to its
 2 terms, neither the Lead Plaintiffs nor Lead Counsel shall have any obligation to repay any amounts
 3 actually and properly disbursed for notice costs and Taxes and Tax Expenses pursuant to ¶¶2.7-2.8
 4 hereof. In addition, any expenses already incurred and properly chargeable pursuant to ¶2.7 hereof
 5 at the time of such termination or cancellation, but which have not been paid, shall be paid by the
 6 Escrow Agent in accordance with the terms of the Stipulation prior to the balance being refunded in
 7 accordance with ¶¶2.9 and 8.4 hereof.

8 8.7 If a case is commenced in respect to any Defendant under Title 11 of the United
 9 States Code (Bankruptcy), or a trustee, receiver or conservator is appointed under any similar law,
 10 and in the event of the entry of a final order of a court of competent jurisdiction determining the
 11 transfer of the Settlement Fund, or any portion thereof, by or on behalf of such Defendant to be a
 12 preference, voidable transfer, fraudulent transfer or similar transaction, then, at Lead Plaintiffs'
 13 option, as to such Defendant, the releases given and Judgment entered in favor of such Defendant
 14 pursuant to this Stipulation shall be null and void.

15 9. **Miscellaneous Provisions**

16 9.1 The Settling Parties (a) acknowledge that it is their intent to consummate this
 17 Settlement; and (b) agree to cooperate to the extent reasonably necessary to effectuate and
 18 implement all terms and conditions of the Stipulation and to exercise their reasonable best efforts to
 19 accomplish the foregoing terms and conditions of the Stipulation.

20 9.2 The Settling Parties intend this Settlement to be a final and complete resolution of all
 21 disputes between them with respect to the Litigation. The Settlement compromises claims which are
 22 contested and shall not be deemed an admission by any Settling Party as to the merits of any claim or
 23 defense. While retaining their right to deny liability, Defendants agree that based upon the publicly
 24 available information at the time, the Litigation was filed in good faith, was not frivolous and is
 25 being settled voluntarily after consultation with competent legal counsel. The Settling Parties
 26 reserve their right to rebut, in a manner that such party determines to be appropriate, any contention
 27 made in any public forum that the Litigation was brought or defended in bad faith or without a
 28 reasonable basis.

1 9.3 Neither the Stipulation nor the Settlement contained herein, nor any act performed or
2 document executed pursuant to or in furtherance of the Stipulation or the Settlement: (a) is or may be
3 deemed to be or may be used as an admission of, or evidence of, the validity of any Released Claim,
4 or of any wrongdoing or liability of Defendants; or (b) is or may be deemed to be or may be used as
5 an admission of, or evidence of, any fault or omission of any Defendant in any civil, criminal or
6 administrative proceeding in any court, administrative agency or other tribunal. Defendants and
7 their Related Parties may file the Stipulation and/or the Judgment in any action that may be brought
8 against them in order to support a defense or counterclaim based on principles of *res judicata*,
9 collateral estoppel, release, good faith settlement, judgment bar or reduction, or any other theory of,
10 without limitation, claim preclusion or issue preclusion or similar defense or counterclaim.

11 9.4 All agreements made and orders entered during the course of the Litigation relating to
12 the confidentiality of information shall survive this Stipulation, pursuant to their terms.

13 9.5 All of the Exhibits to the Stipulation are material and integral parts hereof and are
14 fully incorporated herein by this reference.

15 9.6 This Stipulation shall not be construed more strictly against one Settling Party than
16 another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for
17 one of the Settling Parties, it being recognized that it is the result of arm's-length negotiations
18 between the Settling Parties and that all Settling Parties have contributed substantially and materially
19 to the preparation of this Stipulation.

20 9.7 The Stipulation may be amended or modified only by a written instrument signed by
21 or on behalf of all Settling Parties or their respective successors-in-interest.

22 9.8 The Stipulation and the Exhibits attached hereto and the Supplemental Agreement
23 constitute the entire agreement among the Settling Parties hereto and no representations, warranties
24 or inducements have been made to any Settling Party concerning the Stipulation or its Exhibits or the
25 Supplemental Agreement other than the representations, warranties and covenants contained and
26 memorialized in such documents. Except as otherwise provided herein, each Settling Party shall
27 bear its own costs.
28

1 9.9 Lead Counsel, on behalf of the Settlement Class, are expressly authorized by the Lead
 2 Plaintiffs to take all appropriate action required or permitted to be taken by the Settlement Class
 3 pursuant to the Stipulation to effectuate its terms and also are expressly authorized to enter into any
 4 modifications or amendments to the Stipulation on behalf of the Settlement Class which they deem
 5 appropriate.

6 9.10 Each counsel or other Person executing the Stipulation or any of its Exhibits on
 7 behalf of any Settling Party hereto hereby warrants that such Person has the full authority to do so.

8 9.11 The Stipulation may be executed in one or more counterparts, including by signature
 9 transmitted by email in pdf format. All executed counterparts and each of them shall be deemed to
 10 be one and the same instrument. A complete set of original executed counterparts shall be filed with
 11 the Court.

12 9.12 The Stipulation shall be binding upon, and inure to the benefit of, the successors and
 13 assigns of the parties hereto.

14 9.13 The Court shall retain jurisdiction with respect to implementation and enforcement of
 15 the terms of the Stipulation, and all Settling Parties submit to the jurisdiction of the Court for
 16 purposes of implementing and enforcing the Settlement embodied in the Stipulation.

17 9.14 The Stipulation and the Exhibits hereto shall be considered to have been negotiated,
 18 executed and delivered, and to be wholly performed, in the State of California, and the rights and
 19 obligations of the parties to the Stipulation shall be construed and enforced in accordance with, and
 20 governed by, the internal, substantive laws of the State of California without giving effect to that
 21 State's choice-of-law principles.

22 IN WITNESS WHEREOF, the parties hereto have caused the Stipulation to be executed, by
 23 their duly authorized attorneys dated as of April 27, 2011.

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CERTIFICATE OF SERVICE

I hereby certify that on April 28, 2011, I authorized the electronic filing of the foregoing with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the e-mail addresses denoted on the attached Electronic Mail Notice List, and I hereby certify that I caused to be mailed the foregoing document or paper via the United States Postal Service to the non-CM/ECF participants indicated on the attached Manual Notice List.

I further certify that I caused this document to be forwarded to the following Designated Internet Site at: <http://securities.stanford.edu>.

I certify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on April 28, 2011.

s/ JOY ANN BULL
JOY ANN BULL

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Mailing Information for a Case 4:09-cv-03362-CW

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Manual Notice List

The following is the list of attorneys who are **not** on the list to receive e-mail notices for this case (who therefore require manual noticing). You may wish to use your mouse to select and copy this list into your word processing program in order to create notices or labels for these recipients.

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EXHIBIT A

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

In re ACCURAY INC. SECURITIES
LITIGATION

) Master File No. 4:09-cv-03362-CW

) CLASS ACTION

) This Document Relates To:

) [PROPOSED] ORDER PRELIMINARILY
) APPROVING SETTLEMENT AND
) PROVIDING FOR NOTICE

) ALL ACTIONS.

) EXHIBIT A

1 WHEREAS, a class action is pending before the Court entitled *In re Accuray Inc. Sec. Litig.*,
2 Master File No. 4:09-cv-03362-CW (the "Litigation");

3 WHEREAS, the Court has received the Stipulation of Settlement, dated as of April 27, 2011
4 (the "Stipulation"), that has been entered into by the Lead Plaintiffs and Defendants, and the Court
5 has reviewed the Stipulation and its attached Exhibits;

6 WHEREAS, the Settling Parties having made application, pursuant to Federal Rule of Civil
7 Procedure 23(e), for an order preliminarily approving the settlement of this Litigation, in accordance
8 with the Stipulation which, together with the Exhibits annexed thereto, sets forth the terms and
9 conditions for a proposed Settlement of the Litigation and for dismissal of the Litigation with
10 prejudice upon the terms and conditions set forth therein; and the Court having read and considered
11 the Stipulation and the Exhibits annexed thereto; and

12 WHEREAS, all defined terms contained herein shall have the same meanings as set forth in
13 the Stipulation;

14 NOW, THEREFORE, IT IS HEREBY ORDERED:

15 1. The Court does hereby preliminarily approve the Stipulation and the Settlement set
16 forth therein, subject to further consideration at the Final Approval Hearing described below.

17 2. A hearing (the "Final Approval Hearing") shall be held before this Court on August
18 11, 2011, at 2:00 p.m., at the Oakland Courthouse, 1301 Clay Street, Oakland California, to
19 determine whether the proposed Settlement of the Litigation on the terms and conditions provided
20 for in the Stipulation is fair, reasonable, and adequate to the Settlement Class and should be
21 approved by the Court; whether a Judgment as provided in ¶1.14 of the Stipulation should be entered
22 herein; whether the proposed Plan of Allocation should be approved; and to determine the amount of
23 fees and expenses that should be awarded to Lead Counsel. The Court may adjourn the Final
24 Approval Hearing without further notice to Members of the Settlement Class.

25 3. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, the Court preliminarily
26 certifies, for purposes of effectuating this Settlement, a Settlement Class of all Persons who
27 purchased Accuray common stock during the period between February 7, 2007 and August 19, 2008,
28 inclusive, and who were allegedly damaged thereby. Excluded from the Settlement Class are

1 Defendants; any entity in which any Defendant has or had a controlling interest or that is a parent or
 2 subsidiary or is controlled by any Defendant; Defendants' officers and directors, including any
 3 person who was an officer or director during the Settlement Class Period; Defendants' affiliates,
 4 legal representatives, heirs, predecessors, successors or assigns; and members of the Individual
 5 Defendants' immediate families. Also excluded from the Settlement Class are those Persons who
 6 timely and validly request exclusion from the Settlement Class pursuant to the Notice of Pendency
 7 and Proposed Settlement of Class Action.

8 4. With respect to the Settlement Class, this Court preliminarily finds for purposes of
 9 effectuating this Settlement that (a) the Members of the Settlement Class are so numerous that
 10 joinder of all Settlement Class Members in the Litigation is impracticable; (b) there are questions of
 11 law and fact common to the Settlement Class which predominate over any individual questions; (c)
 12 the claims of the Lead Plaintiffs are typical of the claims of the Settlement Class; (d) the Lead
 13 Plaintiffs and Lead Counsel have fairly and adequately represented and protected the interests of all
 14 of the Settlement Class Members; and (e) a class action is superior to other available methods for the
 15 fair and efficient adjudication of the controversy, considering: (i) the interests of the Members of the
 16 Settlement Class in individually controlling the prosecution of the separate actions; (ii) the extent
 17 and nature of any litigation concerning the controversy already commenced by Members of the
 18 Settlement Class; (iii) the desirability or undesirability of continuing the litigation of these claims in
 19 this particular forum; and (iv) the difficulties likely to be encountered in the management of the class
 20 action.

21 5. The Court approves, as to form and content, the Notice of Pendency and Proposed
 22 Settlement of Class Action (the "Notice"), the Proof of Claim and Release form (the "Proof of
 23 Claim") and Summary Notice ("Summary Notice") annexed as Exhibits A-1, A-2 and A-3 hereto,
 24 and finds that the mailing and distribution of the Notice and publishing of the Summary Notice
 25 substantially in the manner and form set forth in ¶¶6-7 of this Order meet the requirements of
 26 Federal Rule of Civil Procedure 23, the Private Securities Litigation Reform Act of 1995 and due
 27 process, and is the best notice practicable under the circumstances and shall constitute due and
 28 sufficient notice to all Persons entitled thereto.

1 6. Pursuant to Rule 53(c) of the Federal Rules of Civil Procedure, the Court appoints
2 Gilardi & Co. LLC ("Claims Administrator") to supervise and administer the notice procedure as
3 well as the processing of claims as more fully set forth below:

4 (a) Not later than June 14, 2011 (the "Notice Date"), Lead Counsel shall cause a
5 copy of the Notice and the Proof of Claim, substantially in the forms annexed as Exhibits A-1 and A-
6 2 hereto, to be mailed by first class mail to all Settlement Class Members who can be identified with
7 reasonable effort;

8 (b) Not later than June 16, 2011, Lead Counsel shall cause the Summary Notice to
9 be published once in *Investor's Business Daily*;

10 (c) Not later than June 14, 2011, Lead Counsel shall cause the Stipulation and its
11 Exhibits to be posted on the following website: www.gilardi.com; and

12 (d) On or before July 15, 2011, Lead Counsel shall cause to be served on
13 Defendants' counsel and filed with the Court proof, by affidavit or declaration, of such mailing,
14 publishing and posting.

15 7. Nominees who purchased Accuray common stock between February 7, 2007 and
16 August 19, 2008, inclusive, shall send the Notice and the Proof of Claim to all beneficial owners of
17 such Accuray common stock within ten (10) days after receipt thereof, or send a list of the names
18 and addresses of such beneficial owners to the Claims Administrator within ten (10) days of receipt
19 thereof, in which event the Claims Administrator shall promptly mail the Notice and the Proof of
20 Claim to such beneficial owners. Lead Counsel shall, if requested, reimburse banks, brokerage
21 houses or other nominees solely for their reasonable out-of-pocket expenses incurred in providing
22 notice to beneficial owners who are Settlement Class Members out of the Settlement Fund, which
23 expenses would not have been incurred except for the sending of such notice, subject to further order
24 of this Court with respect to any dispute concerning such compensation.

25 8. All Members of the Settlement Class shall be bound by all determinations and
26 judgments in the Litigation concerning the Settlement, whether favorable or unfavorable to the
27 Settlement Class.
28

1 9. Settlement Class Members who wish to participate in the Settlement shall complete
2 and submit Proof of Claim forms in accordance with the instructions contained therein. Unless the
3 Court orders otherwise, all Proof of Claim forms must be postmarked no later than September 12,
4 2011. Any Settlement Class Member who does not timely submit a Proof of Claim within the time
5 provided for shall be barred from sharing in the distribution of the proceeds of the Net Settlement
6 Fund, unless otherwise ordered by the Court or allowed by the Stipulation.

7 10. Any Person who desires to request exclusion from the Settlement Class shall do so
8 within the time set forth and in the manner described in the Notice. Upon receiving any request(s)
9 for exclusion the Claims Administrator shall promptly notify Lead Counsel and counsel for
10 Defendants of such request(s) and provide them copies of such request(s) and documentation
11 accompanying them by facsimile or electronic mail.

12 11. All Persons who submit valid and timely requests for exclusion in the manner set
13 forth in the Notice shall have no rights under the Stipulation, shall not share in the distribution of the
14 Net Settlement Fund, and shall not be bound by the Stipulation or the Judgment entered in the
15 Litigation.

16 12. Any Member of the Settlement Class may enter an appearance in the Litigation, at
17 his, her or its own expense, individually or through counsel of his, her or its own choice. If he, she
18 or it does not enter an appearance, he, she or it will be represented by Lead Counsel.

19 13. Any Settlement Class Member may appear and show cause, if he, she or it has any
20 reason, why the proposed Settlement of the Litigation should or should not be approved as fair,
21 reasonable and adequate, why the Judgment should or should not be entered thereon, why the Plan of
22 Allocation should or should not be approved, or why attorneys' fees and expenses should or should
23 not be awarded to Lead Counsel; provided, however, that no Settlement Class Member or any other
24 Person shall be heard or entitled to contest the approval of the terms and conditions of the proposed
25 Settlement, or, if approved, the Judgment to be entered thereon approving the same, or the order
26 approving the Plan of Allocation, or the attorneys' fees and expenses to be awarded to Lead Counsel,
27 unless that Person has filed said objections, papers and briefs with the Clerk of the United States
28 District Court for the Northern District of California, on or before July 26, 2011, and delivered

1 copies of any such papers to Robbins Geller Rudman & Dowd LLP, Joy Ann Bull, 655 W.
2 Broadway, Suite 1900, San Diego, CA 92101 and to Wilson Sonsini Goodrich & Rosati, P.C.,
3 Ignacio E. Salceda, 650 Page Mill Road, Palo Alto, CA 94304, such that they are received on or
4 before the same date. Any Settlement Class Member who does not make his, her or its objection in
5 the manner provided shall be deemed to have waived such objection and shall forever be foreclosed
6 from making any objection to the fairness or adequacy of the proposed Settlement as set forth in the
7 Stipulation, to the Plan of Allocation, or to the award of attorneys' fees and expenses to Lead
8 Counsel, unless otherwise ordered by the Court.

9 14. All funds held by the Escrow Agent shall be deemed and considered to be in *custodia*
10 *legis* of the Court, and shall remain subject to the jurisdiction of the Court, until such time as such
11 funds shall be distributed pursuant to the Stipulation and/or further order(s) of the Court.

12 15. All papers in support of the Settlement, the Plan of Allocation, and the application for
13 attorneys' fees or expenses shall be filed and served on or before July 15, 2011. Any reply papers in
14 response to objections shall be filed and served on or before August 4, 2011.

15 16. Neither the Defendants nor their Related Parties shall have any responsibility for, or
16 liability with respect to, the Plan of Allocation or any application for attorneys' fees or expenses
17 submitted by Lead Counsel, and such matters will be considered separately from the fairness,
18 reasonableness and adequacy of the Settlement.

19 17. At or after the Final Approval Hearing, the Court shall determine whether the Plan of
20 Allocation proposed by Lead Counsel, and any application for attorneys' fees or expenses shall be
21 approved.

22 18. All reasonable expenses incurred in identifying and notifying Settlement Class
23 Members, as well as administering the Settlement Fund, shall be paid as set forth in the Stipulation.
24 In the event the Settlement is not approved by the Court, or otherwise fails to become effective,
25 neither the Lead Plaintiffs nor Lead Counsel shall have any obligation to repay any amounts actually
26 and properly disbursed from the Settlement Fund, as provided in the Stipulation.

27 19. Neither the Stipulation, nor any of its terms or provisions, nor any of the negotiations
28 or proceedings connected with it, shall be construed as an admission or concession by Defendants of

1 the truth of any of the allegations in the Litigation, or of any liability, fault, or wrongdoing of any
 2 kind and shall not be construed as, or deemed to be evidence of, or an admission or concession that
 3 Lead Plaintiffs or any Settlement Class Members have suffered any damages, harm, or loss.

4 20. In the event that the Settlement does not become effective in accordance with the
 5 terms of the Stipulation or the Effective Date does not occur, or in the event that the Settlement
 6 Fund, or any portion thereof, is returned to the Defendants, then this Order shall be rendered null and
 7 void to the extent provided by and in accordance with the Stipulation and shall be vacated and, in
 8 such event, all orders entered and releases delivered in connection herewith shall be null and void to
 9 the extent provided by and in accordance with the Stipulation.

10 21. The Court reserves the right to adjourn the date of the Final Approval Hearing
 11 without further notice to the Members of the Settlement Class, and retains jurisdiction to consider all
 12 further applications arising out of or connected with the proposed Settlement. The Court may
 13 approve the Settlement, with such modifications as may be agreed to by the Settling Parties, if
 14 appropriate, without further notice to the Settlement Class.

15
 16 DATED: _____

THE HONORABLE CLAUDIA WILKEN
 UNITED STATES DISTRICT JUDGE

17
 18 Submitted by:

19 ROBBINS GELLER RUDMAN
 20 & DOWD LLP
 SHAWN A. WILLIAMS
 21 DANIEL J. PFEFFERBAUM
 Post Montgomery Center
 22 One Montgomery Street, Suite 1800
 San Francisco, CA 94104
 23 Telephone: 415/288-4545
 415/288-4534 (fax)

24 ROBBINS GELLER RUDMAN
 25 & DOWD LLP
 JOY ANN BULL

26
 27 _____
 28 JOY ANN BULL

1 655 West Broadway, Suite 1900
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3 Telephone: 619/231-1058
619/231-7423 (fax)

4 LABATON SUCHAROW LLP
5 CHRISTOPHER J. KELLER
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8 New York, NY 10005
Telephone: 212/907-0700
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9 Co-Lead Counsel for Plaintiffs

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EXHIBIT A-1

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17 Co-Lead Counsel for Plaintiffs

18 UNITED STATES DISTRICT COURT
19
20 NORTHERN DISTRICT OF CALIFORNIA
21 OAKLAND DIVISION

22 In re ACCURAY INC. SECURITIES
LITIGATION

) Master File No. 4:09-cv-03362-CW

) CLASS ACTION

23 This Document Relates To:
24

) NOTICE OF PENDENCY AND PROPOSED
) SETTLEMENT OF CLASS ACTION

25 ALL ACTIONS.

) EXHIBIT A-1

IF YOU PURCHASED ACCURAY INC. ("ACCURAY") COMMON STOCK BETWEEN FEBRUARY 7, 2007 AND AUGUST 19, 2008, INCLUSIVE, YOU COULD RECEIVE A PAYMENT FROM A CLASS ACTION SETTLEMENT.

A federal court authorized this Notice. This is not a solicitation from a lawyer.

Securities and Time Period: Accuray common stock (CUSIP No. 004397105) purchased between February 7, 2007 and August 19, 2008, inclusive.

Settlement Fund: \$13,500,000 in cash. Your recovery will depend on the number of shares of Accuray common stock purchased between February 7, 2007 and August 19, 2008, inclusive, and the timing of your purchases and any sales. If claims are submitted for 100% of the eligible shares of Accuray common stock, the estimated average recovery per share of common stock will be approximately \$0.237 before deduction of Court-approved fees and expenses. The actual amount per share you could receive will depend on a number of factors which are explained in the Plan of Allocation contained below.

Settlement Class: The Court has preliminarily certified a Settlement Class of all purchasers of Accuray common stock between February 7, 2007 and August 19, 2008, inclusive, who were allegedly damaged thereby. Excluded from the Settlement Class are Defendants; any entity in which any Defendant has or had a controlling interest or that is a parent or subsidiary or is controlled by any Defendant; Defendants' officers and directors, including any person who was an officer or director during the Settlement Class Period; Defendants' affiliates, legal representatives, heirs, predecessors, successors or assigns; and members of the Individual Defendants' immediate families. Also excluded from the Settlement Class are those Persons who timely and validly request exclusion from the Settlement Class pursuant to this Notice.

Reasons for Settlement: Avoids the costs and risks associated with continued litigation, including the danger of no recovery, and provides a benefit to the Settlement Class now.

If the Case Had Not Settled: The Settlement must be compared to the risk of no recovery after contested motions, trial and likely appeals. A trial is a risky proposition and Lead Plaintiffs might not have prevailed. The claims in this case involve numerous complex legal and factual issues that would require extensive and costly expert testimony. Among the many key issues about which the two sides do not agree are: (1) whether any of the Defendants violated the securities laws or

otherwise engaged in any wrongdoing; (2) whether the facts alleged by the Lead Plaintiffs were material, false, misleading or otherwise actionable under the securities laws; (3) whether the various facts alleged by the Lead Plaintiffs influenced the trading prices of Accuray common stock during the relevant period; (4) the method for determining whether Accuray common stock were artificially inflated during the relevant period; (5) the amount (if any) of such inflation; and (6) the amount of damages (if any) that could be recovered at trial.

Attorneys' Fees and Expenses: Lead Counsel have not received any payment for their work investigating the facts, conducting this litigation and negotiating the Settlement on behalf of the Lead Plaintiffs and the Settlement Class. Lead Counsel will ask the Court for attorneys' fees of 25% of the Settlement Fund and expenses not to exceed \$325,000 to be paid from the Settlement Fund. If the above amounts are requested and approved by the Court, the average cost per share of common stock will be approximately \$0.065, making the estimated average recovery per share after fees and expenses \$0.172 if claims are submitted for 100% of the eligible shares of Accuray common stock.

Deadlines:

Submit Claim: September 12, 2011

Request Exclusion: July 26, 2011

File Objection: July 26, 2011

Court Hearing on Fairness of Settlement: August 11, 2011

More Information: www.gilardi.com

Claims Administrator:	Lead Counsel:	Lead Counsel:
<i>Accuray Securities</i>	Rick Nelson	Colin Holmes
<i>Litigation</i>	c/o Shareholder Relations	Labaton Sucharow LLP
Claims Administrator	Robbins Geller Rudman	140 Broadway, 34th Floor
c/o Gilardi & Co. LLC	& Dowd LLP	New York, NY 10005
P.O. Box 8040	655 West Broadway	Telephone: 888/219-6877
San Rafael, CA 94912-8040	Suite 1900	
Telephone: 415/461-0410	San Diego, CA 92101	
	Telephone: 619/231-1058	

- Your legal rights are affected whether you act or don't act. Read this Notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:

- SUBMIT A CLAIM** The only way to receive a payment.
- OBJECT** You may write to the Court if you do not like this Settlement.
- GO TO A HEARING** You may ask to speak in Court about the fairness of the Settlement.
- DO NOTHING** Receive no payment.
- EXCLUDE YOURSELF** Receive no payment. This is the only option that allows you to participate in another lawsuit against the Defendants relating to the claims being released in this case.

- These rights and options — *and the deadlines to exercise them* — are explained in this Notice.
- The Court in charge of this case must decide whether to approve the Settlement. Payments will be made if the Court approves the Settlement and, if there are any appeals, after appeals are resolved. Please be patient.

BASIC INFORMATION

1. Why Did I Receive This Notice Package?

You or someone in your family may have purchased Accuray common stock between February 7, 2007 and August 19, 2008.

The Court sent you this Notice because you have a right to know about a proposed settlement of a class action lawsuit, and about all of your options, before the Court decides whether to approve the Settlement. If the Court approves the Settlement and after any objections or appeals are resolved, the Claims Administrator appointed by the Court will make the payments that the Settlement allows.

This package explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

1 The Court in charge of the case is the United States District Court for the Northern District of
2 California, and the case is known as *In re Accuray Inc. Sec. Litig.*, Master File No. 4:09-cv-03362-
3 CW. The individual and the pension fund that sued are called the Lead Plaintiffs, and the company
4 and the individuals they sued, Accuray, Euan S. Thomson, Robert E. McNamara, John R. Adler, Jr.,
5 Wade B. Hampton and Ted Tu, are called the Defendants.

6 **2. What Is This Lawsuit About?**

7 This case was brought as a class action alleging that Defendants made false and misleading
8 statements and omissions between February 7, 2007 and August 19, 2008, inclusive, about
9 Accuray's true financial and operational condition. The case asserts that the Defendants
10 misrepresented and/or failed to disclose that Accuray's backlog of business was materially
11 overstated with deals that did not have a substantially high probability of being booked as revenue,
12 that Accuray misrepresented its contracting process with customers, that Accuray did not collect (or
13 refunded) purportedly non-refundable deposits, and that Accuray recognized revenue upon shipment
14 of international orders, as opposed to upon installation. Lead Plaintiffs assert that Defendants lacked
15 a reasonable basis for the positive statements about Accuray's earnings and prospects, including its
16 fiscal year 2008 revenue forecast, allegedly causing damage to the Settlement Class. Defendants
17 have denied and continue to deny that they did anything wrong. Among other things, Defendants
18 deny that they misrepresented Accuray's financial results and that the revenue projections,
19 statements regarding conversion of backlog to revenue, and statements about the amount of backlog
20 are actionable.

21 **3. Why Is This a Class Action?**

22 In a class action, one or more people called class representatives (in this case the Court-
23 appointed Lead Plaintiffs, Zhengxu He and the City of Brockton Retirement System) sue on behalf
24 of people who have similar claims. Here, all these people are called the Settlement Class or
25 Settlement Class Members. One court resolves the issues for all Settlement Class Members, except
26 for those who timely and validly exclude themselves from the Settlement Class. Judge Claudia
27 Wilken is in charge of this class action.
28

1 **4. Why Is There a Settlement?**

2 The Court did not decide in favor of the Lead Plaintiffs or Defendants. Instead, both sides
3 agreed to a settlement. That way they avoid the cost and uncertainty of a trial, and eligible
4 Settlement Class Members who submit valid claims will receive compensation. The Lead Plaintiffs
5 and their attorneys think the Settlement is best for all Settlement Class Members.

6 **WHO IS IN THE SETTLEMENT**

7 To see if you will receive money from this Settlement, you first have to determine if you are
8 a Settlement Class Member.

9 **5. How Do I Know if I Am Part of the Settlement?**

10 The Settlement Class includes *all purchasers of Accuray common stock during the*
11 *Settlement Class Period, which is between February 7, 2007 and August 19, 2008, inclusive, who*
12 *were allegedly damaged thereby.*

13 **6. What Are the Exceptions to Being Included?**

14 You are not a Settlement Class Member if you are a Defendant; or an entity in which any
15 Defendant has or had a controlling interest or that is a parent or subsidiary or is controlled by any
16 Defendant; a Defendant's officers and directors, including any person who was an officer or director
17 during the Settlement Class Period; a Defendant's affiliates, legal representatives, heirs,
18 predecessors, successors or assigns; or a member of an Individual Defendant's immediate family.
19 You are also not a Settlement Class Member if you timely and validly request exclusion from the
20 Settlement Class pursuant to this Notice.

21 If you sold Accuray common stock during the Settlement Class Period, that alone does not
22 make you a Settlement Class Member. You are a Settlement Class Member only if you purchased
23 Accuray common stock during the Settlement Class Period.

24 **7. I'm Still Not Sure if I Am Included.**

25 If you are still not sure whether you are included, you can ask for free help. You can call
26 Rick Nelson of Robbins Geller Rudman & Dowd LLP at 619/231-1058 or Colin Holmes of Labaton
27
28

Sucharow LLP at 888/219-6877 for more information. Or you can fill out and return the claim form described in question 10, to see if you qualify.

THE SETTLEMENT BENEFITS — WHAT YOU GET

8. What Does the Settlement Provide?

Defendants have agreed to pay \$13.5 million in cash. The balance of this fund after payment of Court-approved attorneys' fees and expenses and the costs of claims administration, including the costs of printing and mailing this Notice and the cost of publishing newspaper notice (the "Net Settlement Fund") will be divided among all eligible Settlement Class Members who send in valid claim forms.

9. How Much Will My Payment Be?

Your share of the Net Settlement Fund will depend on the number of valid claim forms that Settlement Class Members send in and the number of shares of Accuray common stock you purchased during the relevant period and when you bought and sold them. A claim will be calculated as follows.

The allocation below is based on the following inflation per share amounts for Settlement Class Period common stock purchases and sales as well as the statutory PSLRA 90-day look-back amount of \$6.97:

Inflation Period	Inflation Per Share	Inflation Period	Inflation Per Share
2/7/2007 - 8/16/2007	\$9.38	9/19/2007	\$5.23
8/17/2007	\$4.53	9/20/2007	\$4.94
8/20/2007	\$4.83	9/21/2007	\$5.66
8/21/2007	\$4.62	9/24/2007 - 10/26/2007	\$6.06
8/22/2007	\$4.26	10/29/2007	\$7.42
8/23/2007	\$3.88	10/30/2007-11/7/2007	\$7.53
8/24/2007	\$4.26	11/8/2007 - 12/11/2007	\$6.06
8/27/2007	\$4.12	12/12/2007	\$6.03
8/28/2007	\$4.18	12/13/2007	\$5.91
8/29/2007	\$1.48	12/14/2007	\$5.65
8/30/2007	\$4.81	12/17/2007	\$5.40
8/31/2007	\$4.91	12/18/2007 - 12/20/07	\$6.06
9/4/2007	\$4.30	12/21/2007	\$5.95
9/5/2007	\$4.90	12/24/2007 - 1/25/2008	\$6.06
9/6/2007	\$4.19	1/28/2008	\$6.00
9/7/2007	\$4.63	1/29/2008 - 1/30/2008	\$6.06

9/10/2007	\$4.68	1/31/2008 - 4/29/2008	\$1.02
9/11/2007	\$4.73	4/30/2008 - 8/13/2008	\$0.81
9/12/2007	\$4.63	8/14/2008	\$0.57
9/13/2007	\$4.63	8/15/2008	\$0.29
9/14/2007	\$4.75	8/18/2008	\$0.07
9/17/2007	\$4.76	8/19/2008	\$0.16
9/18/2007	\$4.87		

For shares of Accuray common stock ***purchased on or between February 7, 2007 and August 19, 2008***, the recovery per share shall be as follows:

(a) If sold on or between February 7, 2007 and August 19, 2008, the recovery per share shall be the lesser of: (i) the inflation per share at the time of purchase less the inflation per share at the time of sale; or (ii) the difference between the purchase price and the sales price.

(b) If held at the close of trading on August 19, 2008 and sold on or before November 16, 2008 the recovery per share shall be the least of: (i) the inflation per share at the time of purchase; (ii) the difference between the purchase price and the sales price; or (iii) the difference between the purchase price per share and the average closing price per share up to the date of sale as set forth in the table below.

(c) If held on November 17, 2008, or sold thereafter, the recovery per share shall be the lesser of: (i) the inflation per share at the time of purchase; or (ii) the difference between the purchase price per share and \$6.97 per share.

<u>Date</u>	<u>Average Closing Price</u>
20-Aug-08	\$7.71
21-Aug-08	\$7.73
22-Aug-08	\$7.84
25-Aug-08	\$7.78
26-Aug-08	\$7.77
27-Aug-08	\$7.82
28-Aug-08	\$7.89
29-Aug-08	\$7.94
2-Sep-08	\$7.95
3-Sep-08	\$7.99
4-Sep-08	\$8.00
5-Sep-08	\$8.01
8-Sep-08	\$8.02
9-Sep-08	\$8.02
10-Sep-08	\$8.00
11-Sep-08	\$8.01

1	12-Sep-08	\$7.99
	15-Sep-08	\$7.97
2	16-Sep-08	\$7.97
	17-Sep-08	\$7.96
3	18-Sep-08	\$7.98
	19-Sep-08	\$8.01
4	22-Sep-08	\$8.04
	23-Sep-08	\$8.05
5	24-Sep-08	\$8.08
	25-Sep-08	\$8.11
6	26-Sep-08	\$8.14
	29-Sep-08	\$8.15
7	30-Sep-08	\$8.14
	1-Oct-08	\$8.15
8	2-Oct-08	\$8.13
	3-Oct-08	\$8.11
9	6-Oct-08	\$8.07
	7-Oct-08	\$8.03
10	8-Oct-08	\$7.97
	9-Oct-08	\$7.90
11	10-Oct-08	\$7.84
	13-Oct-08	\$7.82
12	14-Oct-08	\$7.78
	15-Oct-08	\$7.73
13	16-Oct-08	\$7.69
	17-Oct-08	\$7.66
14	20-Oct-08	\$7.64
	21-Oct-08	\$7.61
15	22-Oct-08	\$7.56
	23-Oct-08	\$7.51
16	24-Oct-08	\$7.46
	27-Oct-08	\$7.41
17	28-Oct-08	\$7.36
	29-Oct-08	\$7.32
18	30-Oct-08	\$7.29
	31-Oct-08	\$7.27
19	3-Nov-08	\$7.26
	4-Nov-08	\$7.25
20	5-Nov-08	\$7.24
	6-Nov-08	\$7.22
21	7-Nov-08	\$7.18
	10-Nov-08	\$7.15
22	11-Nov-08	\$7.11
	12-Nov-08	\$7.07
23	13-Nov-08	\$7.04
	14-Nov-08	\$7.01
24	17-Nov-08	\$6.97

The date of purchase or sale is the “contract” or “trade” date as distinguished from the “settlement” date.

1 For Settlement Class Members who made multiple purchases or sales during the Settlement
 2 Class Period, the first-in, first-out (“FIFO”) method will be applied to such holdings, purchases and
 3 sales for purposes of calculating a claim. Under the FIFO method, sales of common stock during the
 4 Settlement Class Period will be matched, in chronological order, against common stock purchased
 5 during the Settlement Class Period.

6 A Settlement Class Member will be eligible to receive a distribution from the Net Settlement
 7 Fund only if a Settlement Class Member had a net loss. All gains and losses (as calculated under the
 8 above plan) will be combined and thereafter netted against each other. In addition, no distribution
 9 will be made unless the amount of the check is at least \$5.00.

10 **HOW YOU OBTAIN A PAYMENT — SUBMITTING A CLAIM FORM**

11 **10. How Will I Obtain a Payment?**

12 To qualify for payment, you must be an eligible Settlement Class Member, send in a timely
 13 and valid claim form, and properly document your claim as requested in the claim form. A claim
 14 form is enclosed with this Notice. Read the instructions carefully, fill out the form, include all the
 15 documents the form asks for, sign it, and mail it in the enclosed envelope postmarked no later than
 16 September 12, 2011.

17 **11. When Will I Receive My Payment?**

18 The Court will hold a hearing on August 11, 2011, to decide whether to approve the
 19 Settlement. If Judge Wilken approves the Settlement, there may be appeals. It is always uncertain
 20 whether these appeals can be resolved, and resolving them can take time, perhaps several years.
 21 Everyone who sends in a claim form will be informed of the determination with respect to their
 22 claim. Please be patient.

23 **12. What Am I Giving Up to Receive a Payment or Stay in the Settlement Class?**

24 Unless you timely and validly exclude yourself, you are a Member of the Settlement Class,
 25 and that means that you cannot sue, continue to sue, or be part of any other lawsuit against the
 26 Defendants about the Released Claims in this case. It also means that all of the Court’s orders will
 27
 28

1 apply to you and legally bind you and you will release your claims in this case against the
2 Defendants. The terms of the release are included in the claim form that is enclosed.

3 **EXCLUDING YOURSELF FROM THE SETTLEMENT**

4 If you do not want a payment from this Settlement, but you want to keep the right to sue or
5 continue to sue the Defendants on your own for the Released Claims in this case, then you must take
6 steps to get out of the Settlement Class. This is called excluding yourself or is sometimes referred to
7 as opting out of the Settlement Class.

8 **13. How Do I Get Out of the Settlement Class?**

9 To exclude yourself from the Settlement Class you must send a letter by mail stating that you
10 want to be excluded from *In re Accuray Inc. Sec. Litig.*, Master File No. 4:09-cv-03362-CW. You
11 must include your name, address, telephone number, your signature, and the number of shares of
12 Accuray common stock you purchased between February 7, 2007 and August 19, 2008 and the dates
13 of your purchases and any sales. You must mail your exclusion request postmarked no later than
14 July 26, 2011, to:

15 *Accuray Securities Litigation*
16 Claims Administrator
17 c/o Gilardi & Co. LLC
P.O. Box 8040
San Rafael, CA 94912-8040

18 You cannot exclude yourself on the phone or by e-mail. If you ask to be excluded, you are
19 not eligible to receive any settlement payment, and you cannot object to the Settlement. You will
20 not be legally bound by anything that happens in this lawsuit.

21 **14. If I Do Not Exclude Myself, Can I Sue the Defendants for the Same Thing** 22 **Later?**

23 No. Unless you timely and validly exclude yourself, you give up any right to sue the
24 Defendants for the Released Claims in this Settlement. If you have a pending lawsuit against any of
25 the Defendants, speak to your lawyer in that case immediately. Remember, the exclusion deadline is
26 July 26, 2011.

1 **15. If I Exclude Myself, Can I Receive Money from This Settlement?**

2 No. If you exclude yourself, do not send in a claim form. But, you may be able to sue,
3 continue to sue, or be part of a different lawsuit involving the Released Claims against the
4 Defendants.

5 **THE LAWYERS REPRESENTING YOU**

6 **16. Do I Have a Lawyer in This Case?**

7 The Court appointed the law firms of Robbins Geller Rudman & Dowd LLP and Labaton
8 Sucharow LLP to represent you and other Settlement Class Members. These lawyers are called
9 Lead Counsel. You will not be directly charged for these lawyers. If you want to be represented by
10 your own lawyer, you may hire one at your own expense.

11 **17. How Will the Lawyers Be Paid?**

12 Lead Counsel will ask the Court for attorneys' fees of 25% of the Settlement Fund and for
13 expenses up to \$325,000, plus interest which were incurred in connection with the litigation. In
14 addition, Lead Plaintiffs may seek reimbursement of \$500 for expenses incurred representing the
15 Settlement Class. Such sums as may be approved by the Court will be paid from the Settlement
16 Fund. Settlement Class Members are not personally liable for any such fees or expenses.

17 The attorneys' fees and expenses requested will be the only payment to Lead Counsel for
18 their efforts in achieving this Settlement and for their risk in undertaking this representation on a
19 wholly contingent basis. Lead Counsel have committed significant time and expenses in litigating
20 this case for the benefit of the Settlement Class. To date, Lead Counsel have not been paid for their
21 services in conducting this litigation on behalf of the Lead Plaintiffs and the Settlement Class, nor
22 for their substantial expenses. The fees requested will compensate Lead Counsel for their work in
23 achieving the Settlement Fund. The Court will decide what is a reasonable fee award and may
24 award less than the amount requested by Lead Counsel.

25 **OBJECTING TO THE SETTLEMENT**

26 You can tell the Court that you do not agree with the Settlement or some part of it.
27
28

1 **18. How Do I Tell the Court that I Do Not Like the Settlement?**

2 If you are a Settlement Class Member, you can object to the Settlement if you do not like any
3 part of it, including the Plan of Allocation and the request for attorneys' fees or expenses. You can
4 state the reasons why you think the Court should not approve it. The Court will consider your views.
5 To object, you must send a letter saying that you object to the Settlement in *In re Accuray Inc. Sec.*
6 *Litig.*, Master File No. 4:09-cv-03362-CW. Be sure to include your name, address, telephone
7 number, your signature, the number of shares of Accuray common stock purchased and sold between
8 February 7, 2007 and August 19, 2008, the dates of purchases and any sales, and the reasons you
9 object. Any objection must be mailed or delivered such that it is received by *each* of the following
10 no later than July 26, 2011:

11 *Court:*

12 Clerk of the Court
13 UNITED STATES DISTRICT COURT
14 NORTHERN DISTRICT OF CALIFORNIA
15 Ronald V. Dellums Federal Building
16 1301 Clay Street, Suite 400S
17 Oakland, CA 94612

18 *Counsel for Lead Plaintiffs:*

19 Joy Ann Bull
20 ROBBINS GELLER RUDMAN & DOWD LLP
21 655 West Broadway, Suite 1900
22 San Diego, CA 92101

23 *Counsel for Defendants:*

24 Ignacio E. Salceda
25 WILSON SONSINI GOODRICH & ROSATI, P.C.
26 650 Page Mill Road
27 Palo Alto, CA 94304-1050

28 **19. What's the Difference Between Objecting and Excluding?**

 Objecting is simply telling the Court that you do not like something about the Settlement.
You can object *only if* you stay in the Settlement Class. Excluding yourself is telling the Court that
you do not want to be part of the Settlement Class. If you exclude yourself, you have no basis to
object because the case no longer affects you.

THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the Settlement. You may attend and you may ask to speak, but you do not have to.

20. When and Where Will the Court Decide Whether to Approve the Settlement?

The Court will hold a fairness hearing at 2:00 p.m., on August 11, 2011, at the Oakland Courthouse, 1301 Clay Street, Oakland, California. At this hearing the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. Judge Wilken will listen to people who have asked to speak at the hearing. The Court will also consider how much to pay to Lead Counsel. The Court may decide these issues at the hearing or take them under consideration. We do not know how long these decisions will take.

21. Do I Have to Come to the Hearing?

No. Lead Counsel will answer any questions Judge Wilken may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you submitted your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

22. May I Speak at the Hearing?

You may ask the Court for permission to speak at the fairness hearing. To do so, you must send a letter saying that it is your intention to appear in *In re Accuray Inc. Sec. Litig.*, Master File No. 4:09-cv-03362-CW. Be sure to include your name, address, telephone number, your signature, and the number of shares of Accuray common stock purchased between February 7, 2007 and August 19, 2008, inclusive. Your notice of intention to appear must be received no later than July 26, 2011, by the Clerk of the Court, Lead Counsel, and Defendants' counsel, at the three addresses listed in question 18. If you intend to present evidence or witnesses, you must disclose that information and explain it in your letter. You cannot speak at the hearing if you exclude yourself from the Settlement Class.

IF YOU DO NOTHING

23. What Happens if I Do Nothing at All?

If you do nothing, you will be a Settlement Class Member. However, you will not receive any money from this Settlement unless you submit a claim form. Unless you exclude yourself, you won't be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Defendants about the Released Claims in this case.

GETTING MORE INFORMATION

24. Are There More Details About the Settlement?

This Notice summarizes the proposed Settlement. More details are in the Stipulation of Settlement, dated as of April 27, 2011. You can obtain a copy of the Stipulation of Settlement by going to www.gilardi.com, or by writing to Rick Nelson, c/o Shareholder Relations, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, or from the Clerk's office at the United States District Court for the Northern District of California, 1301 Clay Street, Oakland, California during regular business hours.

25. How Do I Get More Information?

You can call 619/231-1058 or write to Rick Nelson, c/o Shareholder Relations, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, or call 888/219-6877 or write to Colin Holmes, Labaton Sucharow LLP, 140 Broadway, New York, NY 10005, or visit the following website: www.gilardi.com.

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE

SPECIAL NOTICE TO BANKS, BROKERS AND OTHER NOMINEES

The Court has ordered that if you held any Accuray common stock purchased between February 7, 2007 and August 19, 2008, inclusive, as nominee for a beneficial owner, then, within ten (10) days after you receive this Notice, you must either: (1) send a copy of this Notice by first class mail to all such Persons; or (2) provide a list of the names and addresses of such Persons to the Claims Administrator:

1 *Accuray Securities Litigation*
2 Claims Administrator
3 c/o Gilardi & Co. LLC
4 P.O. Box 8040
5 San Rafael, CA 94912-8040

6 If you choose to mail the Notice and Proof of Claim yourself, you may obtain from the
7 Claims Administrator (without cost to you) as many additional copies of these documents as you
8 will need to complete the mailing.

9 Regardless of whether you choose to complete the mailing yourself or elect to have the
10 mailing performed for you, you may obtain reimbursement for, or advancement of, reasonable
11 administrative costs actually incurred or expected to be incurred in connection with forwarding the
12 Notice and which would not have been incurred but for the obligation to forward the Notice, upon
13 submission of appropriate documentation to the Claims Administrator.

14 DATED: _____, 2011

15 BY ORDER OF THE COURT
16 UNITED STATES DISTRICT COURT
17 NORTHERN DISTRICT OF CALIFORNIA
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EXHIBIT A-2

1 ROBBINS GELLER RUDMAN
& DOWD LLP
2 SHAWN A. WILLIAMS (213113)
DANIEL J. PFEFFERBAUM (248631)
3 Post Montgomery Center
One Montgomery Street, Suite 1800
4 San Francisco, CA 94104
Telephone: 415/288-4545
5 415/288-4534 (fax)
shawnw@rgrdlaw.com
6 dpfefferbaum@rgrdlaw.com

- and -

7 JOY ANN BULL (138009)
655 West Broadway, Suite 1900
8 San Diego, CA 92101
Telephone: 619/231-1058
9 619/231-7423 (fax)
joyb@rgrdlaw.com

10 LABATON SUCHAROW LLP
11 CHRISTOPHER J. KELLER
JONATHAN GARDNER
12 MARK GOLDMAN
CAROL C. VILLEGAS
13 140 Broadway
New York, NY 10005
14 Telephone: 212/907-0700
212/818-0477 (fax)
15 CKeller@labaton.com
JGardner@labaton.com
16 MGoldman@labaton.com
CVillegas@labaton.com

17 Co-Lead Counsel for Plaintiffs

18 UNITED STATES DISTRICT COURT
19
20 NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

21 In re ACCURAY INC. SECURITIES)
22 LITIGATION)

Master File No. 4:09-cv-03362-CW

) CLASS ACTION

23 This Document Relates To:)
24)

PROOF OF CLAIM AND RELEASE

25 ALL ACTIONS.)
26)
27)
28)

EXHIBIT A-2

I. GENERAL INSTRUCTIONS

1. To recover as a Member of the Settlement Class based on your claims in the action entitled *In re Accuray Inc. Sec. Litig.*, Master File No. 4:09-cv-03362-CW (the "Litigation"), you must complete and, on page ____ hereof, sign this Proof of Claim and Release form ("Proof of Claim"). If you fail to file a properly addressed (as set forth in paragraph 3 below) Proof of Claim, your claim may be rejected and you may be precluded from any recovery from the Net Settlement Fund created in connection with the proposed Settlement of the Litigation.

2. Submission of this Proof of Claim, however, does not assure that you will share in the proceeds of settlement in the Litigation.

3. YOU MUST MAIL YOUR COMPLETED AND SIGNED PROOF OF CLAIM POSTMARKED ON OR BEFORE SEPTEMBER 12, 2011, ADDRESSED AS FOLLOWS:

Accuray Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 8040
San Rafael, CA 94912-8040

If you are NOT a Member of the Settlement Class, as defined in the Notice of Pendency and Proposed Settlement of Class Action ("Notice"), DO NOT submit a Proof of Claim.

4. If you are a Member of the Settlement Class, you are bound by the terms of any judgment entered in the Litigation, WHETHER OR NOT YOU SUBMIT A PROOF OF CLAIM.

II. DEFINITIONS

1. "Defendants" means Accuray Inc. and the Individual Defendants, as defined below.

2. "Individual Defendants" means Euan S. Thomson, Robert E. McNamara, John R. Adler, Jr., Wade B. Hampton and Ted Tu.

3. "Released Parties" means each and all of the Defendants and each and all of their Related Parties.

III. CLAIMANT IDENTIFICATION

1. If you purchased Accuray common stock and held the certificate(s) in your name, you are the beneficial purchaser as well as the record purchaser. If, however, the certificate(s) were

1 registered in the name of a third party, such as a nominee or brokerage firm, you are the beneficial
2 purchaser and the third party is the record purchaser.

3 2. Use Part I of this form entitled "Claimant Identification" to identify each purchaser of
4 record ("nominee"), if different from the beneficial purchaser of Accuray common stock that forms
5 the basis of this claim. THIS CLAIM MUST BE FILED BY THE ACTUAL BENEFICIAL
6 PURCHASER(S), OR THE LEGAL REPRESENTATIVE OF SUCH PURCHASER(S) OF THE
7 ACCURAY COMMON STOCK UPON WHICH THIS CLAIM IS BASED.

8 3. All joint purchasers must sign this claim. Executors, administrators, guardians,
9 conservators and trustees must complete and sign this claim on behalf of Persons represented by
10 them and their authority must accompany this claim and their titles or capacities must be stated. The
11 Social Security (or taxpayer identification) number and telephone number of the beneficial owner
12 may be used in verifying the claim. Failure to provide the foregoing information could delay
13 verification of your claim or result in rejection of the claim.

14 **IV. CLAIM FORM**

15 1. Use Part II of this form entitled "Schedule of Transactions in Accuray Common
16 Stock" to supply all required details of your transaction(s) in Accuray common stock. If you need
17 more space or additional schedules, attach separate sheets giving all of the required information in
18 substantially the same form. Sign and print or type your name on each additional sheet.

19 2. On the schedules, provide all of the requested information with respect to all of your
20 purchases and all of your sales of Accuray common stock that took place at any time between
21 February 7, 2007 and August 19, 2008, inclusive (the "Settlement Class Period"), and any sales
22 between August 20, 2008 and November 17, 2008, whether such transactions resulted in a profit or a
23 loss. Failure to report all such transactions may result in the rejection of your claim.

24 3. List each transaction in the Settlement Class Period separately and in chronological
25 order, by trade date, beginning with the earliest. You must accurately provide the month, day and
26 year of each transaction you list.

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1 4. The date of covering a “short sale” is deemed to be the date of purchase of Accuray
2 common stock. The date of a “short sale” is deemed to be the date of the sale of Accuray common
3 stock.

4 5. Broker confirmations or other documentation of your transactions in Accuray
5 common stock should be attached to your claim. Failure to provide this documentation could delay
6 verification of your claim or result in rejection of your claim.

7 6. The above requests are designed to provide the minimum amount of information
8 necessary to process the most simple claims. The Claims Administrator may request additional
9 information as required to efficiently and reliably calculate your losses. In some cases where the
10 Claims Administrator cannot perform the calculation accurately or at a reasonable cost to the
11 Settlement Class with the information provided, the Claims Administrator may condition acceptance
12 of the claim upon the production of additional information and/or the hiring of an accounting expert
13 at the Claimant’s cost.

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

In re Accuray Inc. Sec. Litig.

Master File No. 4:09-cv-03362-CW

PROOF OF CLAIM AND RELEASE

Must Be Postmarked No Later Than:

September 12, 2011

Please Type or Print

PART I: CLAIMANT IDENTIFICATION

Beneficial Owner's Name (First, Middle, Last)

Street Address

City

State

Zip Code

Foreign Province

Foreign Country

Social Security Number or
Taxpayer Identification Number

Individual

Corporation/Other

Area Code

Telephone Number

(work)

Area Code

Telephone Number

(home)

Record Owner's Name (if different from beneficial owner listed above)

PART II: SCHEDULE OF TRANSACTIONS IN ACCURAY COMMON STOCK

A. Purchases of Accuray common stock (February 7, 2007 – August 19, 2008, inclusive):

Trade Date Month Day Year	Number of Shares Purchased	Total Purchase Price
1. _____	1. _____	1. _____
2. _____	2. _____	2. _____
3. _____	3. _____	3. _____

IMPORTANT: Identify by number listed above all purchases in which you covered a "short sale": _____.

B. Sales of Accuray common stock (February 7, 2007 – November 17, 2008, inclusive):

Trade Date Month Day Year	Number of Shares Sold	Total Sales Price
1. _____	1. _____	1. _____
2. _____	2. _____	2. _____
3. _____	3. _____	3. _____

C. Number of shares of Accuray common stock held at the close of trading on August 19, 2008: _____.

D. Number of shares of Accuray common stock held at the close of trading on November 17, 2008: _____.

If you require additional space, attach extra schedules in the same format as above. Sign and print your name on each additional page.

YOU MUST READ AND SIGN THE RELEASE ON PAGE _____. FAILURE TO SIGN THE RELEASE MAY RESULT IN A DELAY IN PROCESSING OR THE REJECTION OF YOUR CLAIM.

**V. SUBMISSION TO JURISDICTION OF COURT AND
ACKNOWLEDGMENTS**

I (We) submit this Proof of Claim and Release form under the terms of the Stipulation of Settlement, dated as of April 27, 2011 ("Stipulation"), described in the Notice. I (We) also submit to the jurisdiction of the United States District Court for the Northern District of California, with respect to my (our) claim as a Settlement Class Member (as defined in the Notice) and for purposes of enforcing the release set forth herein. I (We) further acknowledge that I am (we are) bound by and subject to the terms of any judgment that may be entered in the Litigation. I (We) agree to furnish additional information to Lead Counsel to support this claim if required to do so. I (We) have not submitted any other claim covering the same purchases or sales of Accuray common stock during the Settlement Class Period and know of no other Person having done so on my (our) behalf.

VI. RELEASE

1. I (We) hereby acknowledge full and complete satisfaction of, and do hereby fully, finally and forever settle, release, relinquish and discharge, all of the Released Claims against each and all of the Defendants and each and all of their "Related Parties" defined as each of a Defendant's past or present directors, officers, employees, partners, insurers, co-insurers, reinsurers, principals, controlling shareholders, attorneys, accountants, auditors, underwriters, investment advisors, personal or legal representatives, predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns, spouses, heirs, estates, related or affiliated entities, any entity in which a Defendant has a controlling interest, any members of an Individual Defendant's immediate family, any trust of which an Individual Defendant is the settlor or which is for the benefit of an Individual Defendant and/or any member of an Individual Defendant's immediate family, and any entity in which a Defendant and/or any member of an Individual Defendant's immediate family has or have a controlling interest (directly or indirectly).

2. "Released Claims" shall collectively mean all claims (including Unknown Claims as defined below), demands, rights, liabilities and causes of action of every nature and description whatsoever, known or unknown, contingent or absolute, mature or immature, discoverable or undiscoverable, whether concealed or hidden, suspected or unsuspected, which now exist, or

heretofore have existed, asserted or that could have been asserted by the Lead Plaintiffs or any Settlement Class Member against the Defendants and their Related Parties based upon or arising out of both (a) the facts, transactions, events, occurrences, disclosures, statements, acts, omissions or failures to act which were or could have been alleged in the Litigation and (b) the purchase or acquisition of Accuray securities by the Lead Plaintiffs or any Settlement Class Member during the Settlement Class Period.

3. "Unknown Claims" means collectively any Released Claims that the Lead Plaintiffs or any Settlement Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Parties, or might have affected his, her or its decision not to object to or opt out of this Settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Lead Plaintiffs shall expressly waive, and each of the Settlement Class Members shall be deemed to have waived, and by operation of the Judgment shall have waived, the provisions, rights and benefits of California Civil Code §1542, which provides:

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.

Lead Plaintiffs shall expressly waive and each of the Settlement Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to California Civil Code §1542. Lead Plaintiffs and Settlement Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Claims, but Lead Plaintiffs shall expressly fully, finally and forever settle and release, and each Settlement Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released, any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not

1 concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity
2 now existing or coming into existence in the future, including, but not limited to, conduct which is
3 negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to
4 the subsequent discovery or existence of such different or additional facts. Lead Plaintiffs
5 acknowledge, and the Settlement Class Members shall be deemed by operation of the Judgment to
6 have acknowledged, that the foregoing waiver was separately bargained for and a key element of the
7 Settlement of which this release is a part.

8 4. This release shall be of no force or effect unless and until the Court approves the
9 Stipulation and it becomes effective on the Effective Date.

10 5. I (We) hereby warrant and represent that I (we) have not assigned or transferred or
11 purported to assign or transfer, voluntarily or involuntarily, any matter released pursuant to this
12 release or any other part or portion thereof.

13 6. I (We) hereby warrant and represent that I (we) have included information about all
14 of my (our) transactions in Accuray common stock that occurred during the Settlement Class Period
15 as well as the number of shares of Accuray common stock held by me (us) at the close of trading on
16 August 19, 2008, and the number of shares of Accuray common stock held at the close of trading on
17 November 17, 2008.

18 7. I (We) hereby warrant and represent that I am (we are) not excluded from the
19 Settlement Class, as defined in the Notice of Pendency and Proposed Settlement of Class Action.

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1 I (We) declare under penalty of perjury under the laws of the United States of America that
2 the foregoing information supplied by the undersigned is true and correct.

3 Executed this _____ day of _____,
4 (Month/Year)

5 in _____,
6 (City) (State/Country)

7 _____
(Sign your name here)

8 _____
9 (Type or print your name here)

10 _____
11 (Capacity of person(s) signing, *e.g.*,
12 Beneficial Purchaser,
13 Executor or Administrator)

14 ACCURATE CLAIMS PROCESSING TAKES A
15 SIGNIFICANT AMOUNT OF TIME.
16 THANK YOU FOR YOUR PATIENCE.

17 Reminder Checklist:

- 18 1. Please sign the above release and declaration.
- 19 2. Remember to attach supporting documentation, if available.
- 20 3. Do not send original stock certificates.
- 21 4. Keep a copy of your claim form for your records.
- 22 5. If you desire an acknowledgment of receipt of your claim form, please send it

23 Certified Mail, Return Receipt Requested.

- 24 6. If you move, please send us your new address.

EXHIBIT A-3

1 ROBBINS GELLER RUDMAN
& DOWD LLP
2 SHAWN A. WILLIAMS (213113)
DANIEL J. PFEFFERBAUM (248631)
3 Post Montgomery Center
One Montgomery Street, Suite 1800
4 San Francisco, CA 94104
Telephone: 415/288-4545
5 415/288-4534 (fax)
shawnw@rgrdlaw.com
6 dpfefferbaum@rgrdlaw.com
– and –

7 JOY ANN BULL (138009)
655 West Broadway, Suite 1900
8 San Diego, CA 92101
Telephone: 619/231-1058
9 619/231-7423 (fax)
joyb@rgrdlaw.com

10 LABATON SUCHAROW LLP
11 CHRISTOPHER J. KELLER
JONATHAN GARDNER
12 MARK GOLDMAN
CAROL C. VILLEGAS
13 140 Broadway
New York, NY 10005
14 Telephone: 212/907-0700
212/818-0477 (fax)
15 CKeller@labaton.com
JGardner@labaton.com
16 MGoldman@labaton.com
CVillegas@labaton.com

17 Co-Lead Counsel for Plaintiffs

18 UNITED STATES DISTRICT COURT
19
20 NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

21 In re ACCURAY INC. SECURITIES
22 LITIGATION

23
24 This Document Relates To:
25 ALL ACTIONS.

) Master File No. 4:09-cv-03362-CW

) CLASS ACTION

) SUMMARY NOTICE

) EXHIBIT A-3

1 TO: ALL PERSONS WHO PURCHASED ACCURAY INC ("ACCURAY") COMMON
2 STOCK BETWEEN FEBRUARY 7, 2007 AND AUGUST 19, 2008, INCLUSIVE

3 YOU ARE HEREBY NOTIFIED, pursuant to an Order of the United States District Court
4 for the Northern District of California, that a hearing will be held on August 11, 2011, at 2:00 p.m.,
5 before the Honorable Claudia Wilken at the Oakland Courthouse, 1301 Clay Street, Oakland,
6 California, for the purpose of determining: (1) whether the proposed settlement of the claims in the
7 Litigation for the sum of \$13,500,000 in cash should be approved by the Court as fair, reasonable,
8 and adequate; (2) whether a Settlement Class should be certified for purposes of the Settlement; (3)
9 whether, thereafter, this Litigation should be dismissed with prejudice pursuant to the terms and
10 conditions set forth in the Stipulation of Settlement, dated as of April 27, 2011 ("Stipulation"); (4)
11 whether the Plan of Allocation is fair, reasonable, and adequate and therefore should be approved;
12 and (5) whether the application of Lead Counsel for the payment of attorneys' fees and expenses
13 incurred in connection with this Litigation should be approved.

14 If you purchased Accuray common stock during the period between February 7, 2007 and
15 August 19, 2008, inclusive, and were allegedly damaged thereby, your rights may be affected by the
16 settlement of this Litigation. If you have not received a detailed Notice of Pendency and Proposed
17 Settlement of Class Action ("Notice") and a copy of the Proof of Claim and Release form ("Proof of
18 Claim"), you may obtain copies by writing to *Accuray Securities Litigation*, Claims Administrator,
19 c/o Gilardi & Co. LLC, P.O. Box 8040, San Rafael, CA 94912-8040 or going to www.gilardi.com.
20 If you are a Settlement Class Member, in order to share in the distribution of the Net Settlement
21 Fund, you must submit a Proof of Claim postmarked no later than September 12, 2011, establishing
22 that you are entitled to recovery.

23 If you desire to be excluded from the Settlement Class, you must submit a request for
24 exclusion postmarked by July 26, 2011, in the manner and form explained in the detailed Notice
25 referred to above. All Members of the Settlement Class who do not timely and validly request
26 exclusion from the Settlement Class will be bound by any judgment entered in the Litigation
27 pursuant to the terms and conditions of the Stipulation.
28

1 Any objection to the Settlement must be mailed or delivered such that it is received by each
2 of the following no later than July 26, 2011:

3 CLERK OF THE COURT
4 UNITED STATES DISTRICT COURT
5 NORTHERN DISTRICT OF CALIFORNIA
6 Ronald V. Dellums Federal Building
7 1301 Clay Street, Suite 400S
8 Oakland, CA 94612

9 *Counsel for Lead Plaintiffs:*

10 Joy Ann Bull
11 ROBBINS GELLER RUDMAN & DOWD LLP
12 655 West Broadway, Suite 1900
13 San Diego, CA 92101

14 *Counsel for Defendants:*

15 Ignacio E. Salceda
16 WILSON SONSINI GOODRICH & ROSATI, P.C.
17 650 Page Mill Road
18 Palo Alto, CA 94304-1050

19 **PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE REGARDING**
20 **THIS NOTICE.** If you have any questions about the Settlement, you may contact counsel for the
21 Lead Plaintiffs at the address listed above or go to the following website: www.gilardi.com.

22 DATED: _____, 2011

23 BY ORDER OF THE COURT
24 UNITED STATES DISTRICT COURT
25 NORTHERN DISTRICT OF CALIFORNIA
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EXHIBIT B

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

In re ACCURAY INC. SECURITIES
LITIGATION

) Master File No. 4:09-cv-03362-CW

) CLASS ACTION

) This Document Relates To:

) [PROPOSED] FINAL JUDGMENT AND
) ORDER OF DISMISSAL WITH PREJUDICE

) ALL ACTIONS.

) EXHIBIT B

1 This matter came before the Court for hearing pursuant to an Order of this Court, dated
2 _____, 2011, on the application of the Settling Parties for approval of the Settlement set forth
3 in the Stipulation of Settlement, dated as of April 27, 2011 (the "Stipulation"). Due and adequate
4 notice having been given of the Settlement as required in said Order, and the Court having
5 considered all papers filed and proceedings held herein and otherwise being fully informed in the
6 premises and good cause appearing therefore, IT IS HEREBY ORDERED, ADJUDGED AND
7 DECREED that:

8 1. This Judgment incorporates by reference the definitions in the Stipulation, and all
9 terms used herein shall have the same meanings set forth in the Stipulation.

10 2. This Court has jurisdiction over the subject matter of the Litigation and over all
11 parties to the Litigation, including all Members of the Settlement Class.

12 3. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, the Court hereby
13 certifies, for purposes of effectuating this Settlement, a Settlement Class of all Persons who
14 purchased Accuray common stock during the period between February 7, 2007 and August 19, 2008,
15 inclusive, and who were allegedly damaged thereby. Excluded from the Settlement Class are
16 Defendants; any entity in which any Defendant has or had a controlling interest or that is a parent or
17 subsidiary or is controlled by any Defendant; Defendants' officers and directors, including any
18 person who was an officer or director during the Settlement Class Period; Defendants' affiliates,
19 legal representatives, heirs, predecessors, successors or assigns; and members of the Individual
20 Defendants' immediate families. Also excluded from the Settlement Class are those Persons who
21 timely and validly requested exclusion from the Settlement Class pursuant to the Notice of Pendency
22 and Proposed Settlement of Class Action, as set forth in Exhibit 1 attached hereto.

23 4. With respect to the Settlement Class, this Court finds for the purposes of effectuating
24 this Settlement that: (a) the Members of the Settlement Class are so numerous that joinder of all
25 Settlement Class Members in the Litigation is impracticable; (b) there are questions of law and fact
26 common to the Settlement Class which predominate over any individual questions; (c) the claims of
27 the Lead Plaintiffs are typical of the claims of the Settlement Class; (d) the Lead Plaintiffs and Lead
28 Counsel have fairly and adequately represented and protected the interests of all of the Settlement

1 Class Members; and (e) a class action is superior to other available methods for the fair and efficient
2 adjudication of the controversy, considering: (i) the interests of the Members of the Settlement Class
3 in individually controlling the prosecution of the separate actions; (ii) the extent and nature of any
4 litigation concerning the controversy already commenced by Members of the Settlement Class; (iii)
5 the desirability or undesirability of continuing the litigation of these claims in this particular forum;
6 and (iv) the difficulties likely to be encountered in the management of the class action.

7 5. Except as to any individual claim of those Persons (identified in Exhibit 1 attached
8 hereto) who have validly and timely requested exclusion from the Settlement Class, the Litigation
9 and all claims contained therein, including all of the Released Claims, are dismissed with prejudice
10 as to the Lead Plaintiffs and the other Members of the Settlement Class, and as against each and all
11 of the Released Parties. The parties are to bear their own costs, except as otherwise provided in the
12 Stipulation.

13 6. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, this Court hereby
14 approves the Settlement set forth in the Stipulation and finds that said Settlement is, in all respects,
15 fair, reasonable and adequate to, and is in the best interests of, the Lead Plaintiffs and each of the
16 Settlement Class Members. This Court further finds the Settlement set forth in the Stipulation is the
17 result of arm's-length negotiations between experienced counsel representing the interests of the
18 Lead Plaintiffs, Settlement Class Members and the Defendants. Accordingly, the Settlement
19 embodied in the Stipulation is hereby approved in all respects and shall be consummated in
20 accordance with its terms and provisions. The Settling Parties are hereby directed to perform the
21 terms of the Stipulation.

22 7. Upon the Effective Date, Lead Plaintiffs and each of the Settlement Class Members
23 shall be deemed to have, and by operation of this Judgment shall have, fully, finally, and forever
24 released, relinquished and discharged all Released Claims against the Released Parties, whether or
25 not such Settlement Class Member executes and delivers a Proof of Claim and Release form. The
26 Settling Parties acknowledge and the Settlement Class Members shall be deemed by operation of law
27 to acknowledge, that the waiver of Unknown Claims, and of the provisions, rights and benefits of
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1 Section 1542 of the California Civil Code, was bargained for and is a key element of the Settlement
2 of which the release in this paragraph is a part.

3 8. Upon the Effective Date, the Lead Plaintiffs and all Settlement Class Members and
4 anyone claiming through or on behalf of any of them, are forever barred and enjoined from
5 commencing, instituting, or continuing to prosecute any action or proceeding in any court of law or
6 equity, arbitration tribunal, administrative forum, or other forum of any kind, asserting against any of
7 the Released Parties, and each of them, any of the Released Claims.

8 9. Upon the Effective Date, each of the Released Parties shall be deemed to have, and by
9 operation of this Judgment shall have, fully, finally, and forever released, relinquished and
10 discharged the Lead Plaintiffs, Settlement Class Members, and their counsel, employees, successors
11 and assigns, from all claims (including, without limitation, Unknown Claims) arising out of, relating
12 to, or in connection with the institution, prosecution, assertion, settlement or resolution of the
13 Litigation or the Released Claims.

14 10. The distribution of the Notice of Pendency and Proposed Settlement of Class Action
15 and the publication of the Summary Notice as provided for in the Order Preliminarily Approving
16 Settlement and Providing for Notice constituted the best notice practicable under the circumstances,
17 including individual notice to all Members of the Settlement Class who could be identified through
18 reasonable effort. Said notice provided the best notice practicable under the circumstances of those
19 proceedings and of the matters set forth therein, including the proposed Settlement set forth in the
20 Stipulation, to all Persons entitled to such notice, and said notice fully satisfied the requirements of
21 Federal Rule of Civil Procedure 23, the requirements of due process, and any other applicable law,
22 including the Private Securities Litigation Reform Act of 1995.

23 11. Any Plan of Allocation submitted by Lead Counsel or any Fee and Expense Award
24 shall in no way disturb or affect this Judgment and shall be considered separate from this Judgment.

25 12. Neither the Stipulation nor the Settlement contained therein, nor any act performed or
26 document executed pursuant to or in furtherance of the Stipulation or the Settlement: (a) is or may be
27 deemed to be or may be used as an admission of, or evidence of, the validity of any Released Claim,
28 or of any wrongdoing or liability of the Defendants; or (b) is or may be deemed to be or may be used

1 as an admission of, or evidence of, any fault or omission of any Defendant in any civil, criminal or
 2 administrative proceeding in any court, administrative agency or other tribunal. Defendants and
 3 their Related Parties may file the Stipulation and/or this Judgment in any other action that may be
 4 brought against them in order to support a defense or counterclaim based on principles of *res*
 5 *judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction, or any other
 6 theory of claim preclusion or issue preclusion or similar defense or counterclaim.

7 13. Without affecting the finality of this Judgment in any way, this Court hereby retains
 8 continuing jurisdiction over: (a) implementation of this Settlement and any award or distribution of
 9 the Settlement Fund, including interest earned thereon; (b) disposition of the Settlement Fund;
 10 (c) hearing and determining applications for attorneys' fees and expenses in the Litigation; and (d)
 11 all Settling Parties for the purpose of construing, enforcing and administering the Stipulation.

12 14. The Court finds that during the course of the Litigation, the Settling Parties and their
 13 respective counsel at all times complied with the requirements of Federal Rule of Civil Procedure
 14 11.

15 15. In the event that the Settlement does not become effective in accordance with the
 16 terms of the Stipulation or the Effective Date does not occur, or in the event that the Settlement
 17 Fund, or any portion thereof, is returned to the Defendants, then this Judgment shall be rendered null
 18 and void to the extent provided by and in accordance with the Stipulation and shall be vacated and,
 19 in such event, all orders entered and releases delivered in connection herewith shall be null and void
 20 to the extent provided by and in accordance with the Stipulation.

21
 22 DATED: _____
 23 THE HONORABLE CLAUDIA WILKEN
 24 UNITED STATES DISTRICT JUDGE
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