

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **March 15, 2007**

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

Delaware
(State or other jurisdiction of incorporation)

001-33301
(Commission File Number)

20-8370041
(IRS Employer Identification No.)

1310 Chesapeake Terrace
Sunnyvale, California 94089
(Address of principal executive offices, including Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On March 15, 2007, Accuray Incorporated (the "Company") issued a press release announcing its financial results for the quarter ended December 30, 2006. The foregoing description is qualified in its entirety by reference to the Company's press release dated March 15, 2007, titled "Accuray Incorporated Reports Second Quarter Fiscal 2007 Financial Results", a copy of which is attached hereto as Exhibit 99.1. The information furnished herein and in the accompanying exhibit shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 nor shall it be deemed incorporated by reference in any other filing with the Securities and Exchange Commission except as is expressly set forth by specific reference in such a filing.

Item 8.01. Other Events.

On March 15, 2007, the Company issued a press release announcing its financial results for the quarter ended December 30, 2006. The foregoing description is qualified in its entirety by reference to the Company's press release dated March 15, 2007, titled "Accuray Incorporated Reports Second Quarter Fiscal 2007 Financial Results", a copy of which is attached hereto as Exhibit 99.1. The information furnished herein and in the accompanying exhibit shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 nor shall it be deemed incorporated by reference in any other filing with the Securities and Exchange Commission except as is expressly set forth by specific reference in such a filing.

Forward-Looking Statements. This report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of those terms and other comparable terminology. These statements reflect only management's current expectations. Important factors that could cause actual results to differ materially from the forward-looking statements we make or incorporate by reference in this report are set forth under the heading "Risk Factors" in the Company's Registration Statement on Form S-1 (Reg. No. 333-138622), as may be updated from time to time by our filings other filings with the Securities and Exchange Commission. If one or more of these risks or uncertainties materialize, or if any underlying assumptions prove incorrect, our actual results, performance or achievements may vary materially from any future results, performance or achievements expressed or implied by these forward-looking statements.



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ACCURAY INCORPORATED REPORTS SECOND QUARTER FISCAL 2007 FINANCIAL RESULTS

Sunnyvale, Calif. — March 15, 2007 — Accuray Incorporated (Nasdaq: ARAY), a global leader in the field of robotic radiosurgery, today announced financial results for the second quarter ended December 30, 2006. Total net revenues were \$26.3 million for the quarter ended December 30, 2006, as compared to \$11.3 million for the quarter ended December 31, 2005, an increase of 133 percent. The net loss for the second quarter was \$7.3 million, or \$0.45 per share, compared to a net loss of \$7.9 million, or \$0.50 per share, for the same quarter in 2005. The fiscal 2007 second quarter results are consistent with the ranges for revenue and net loss included in the Registration Statement on Form S-1 (Reg. No. 333-138622) filed with the U.S. Securities and Exchange Commission in connection with our initial public offering in February.

For the six months ended December 30, 2006, total net revenues were \$59.1 million, compared to \$15.2 million for the same period in 2005, an increase of 289 percent. The net loss for the six months ended December 30, 2006 was \$5.3 million, or \$0.33 per share, compared to a net loss of \$18.1 million, or \$1.14 per share for the same period in 2005.

The Company reported that its losses included stock option expenses of \$2.9 million and \$2.3 million for the quarters ending December 30, 2006 and December 31, 2005, respectively, and \$5.1 million and \$4.2 million for the first six months ending December 30, 2006 and December 31, 2005, respectively.

“We are pleased with Accuray’s strong growth in both U.S. and international markets,” said Euan S. Thomson, Ph.D., president and chief executive officer of Accuray. “Our CyberKnife® Robotic Radiosurgery System is an established leader in treating tumors with radiosurgery anywhere in the body, including the spine, lung, liver, prostate and pancreas, which is driving continued demand and adoption.”

As of December 30, 2006, 91 CyberKnife systems had been installed at customer sites, up from 83 at the end of the first quarter. This includes 80 systems sold directly to customers and 11 placed under shared ownership agreements. Of the 91 systems installed, 58 are in the United States, 24 in Asia and 9 in Europe. Reported backlog at the end of the quarter ended December 30, 2006 was approximately \$328 million, compared to approximately \$330 million at the end of the quarter ended September 30, 2006. Reported backlog includes only contracts which contain no contingencies, or for which all contingencies have been met and does not include signed contracts that have contingencies such as the receipt of certain approvals, financing dependencies, or the formation of certain legal structures. The number of signed contracts with contingencies continued to increase in the quarter ended December 30, 2006. These contingent contracts will be added to backlog once all contingencies have been met.

Accuray completed its initial public offering on February 13, 2007. In the initial public offering, Accuray and certain selling stockholders sold approximately 18.4 million shares at a price of \$18 per share. Net proceeds to Accuray after exercise of the underwriters’ over-allotment and expenses were approximately \$170.5 million and there were approximately 53.3 million shares outstanding after completion of the offering.

About Accuray

Accuray Incorporated (NASDAQ: ARAY), based in Sunnyvale, Calif., is a global leader in the field of robotic radiosurgery. Its CyberKnife System is the world’s first and only commercially available intelligent robotic radiosurgery system designed to treat tumors anywhere in the body, typically with sub-millimeter accuracy. To date, it is estimated that the

CyberKnife System has been used by physicians to treat more than 20,000 patients worldwide. For more information, please visit www.accuray.com.

Forward-Looking Statement

Except for the historical information contained herein, the matters set forth in this press release, including statements as to financial guidance, development, clinical studies, regulatory review and approval, and commercialization of products, are forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements speak only as of the date the statements are made and are based on information available at the time those statements are made and/or management’s good faith belief as of that time with respect to future events. You should not put undue reliance on any forward-looking statements. Important factors that could cause actual performance and results to differ materially from

the forward-looking statements we make include: reimbursement for the CyberKnife procedure; government approvals of our products; market acceptance of products; funding requirements; intellectual property protection for our products; competing products; and other risks detailed from time to time under the heading "Risk Factors" in Registration Statement on Form S-1 (Reg. No. 333-138622), as may be updated from time to time by our other filings with the Securities and Exchange Commission. If one or more of these risks or uncertainties materialize, or if any underlying assumptions prove incorrect, our actual performance or results may vary materially from any future performance or results expressed or implied by these forward-looking statements. We assume no obligation to update forward-looking statements to reflect actual performance or results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable securities laws.

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Accuray Incorporated
Unaudited Condensed Consolidated Statements of Operations (1)
(in thousands, except per share data)

	Three months ended		Six months ended	
	December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005
Net revenue:				
Products	\$ 19,309	\$ 7,621	\$ 46,076	\$ 8,089
Shared ownership programs	2,585	2,031	4,811	3,715
Services	3,661	932	6,630	1,929
Other	792	742	1,601	1,464
Total net revenue	<u>26,347</u>	<u>11,326</u>	<u>59,118</u>	<u>15,197</u>
Cost of revenue:				
Costs of products	7,363	2,809	18,080	3,237
Costs of shared ownership programs	696	699	1,302	1,232
Costs of services	2,960	970	4,629	1,564
Costs of other	626	488	1,102	960
Total cost of revenue	<u>11,645</u>	<u>4,966</u>	<u>25,113</u>	<u>6,993</u>
Gross profit	<u>14,702</u>	<u>6,360</u>	<u>34,005</u>	<u>8,204</u>
Operating expenses:				
Selling and marketing	9,764	6,236	17,294	10,952
Research and development	6,132	4,366	12,314	8,910
General and administrative	6,136	3,605	10,755	6,387
Total operating expenses	<u>22,032</u>	<u>14,207</u>	<u>40,363</u>	<u>26,249</u>
Loss from operations	<u>(7,330)</u>	<u>(7,847)</u>	<u>(6,358)</u>	<u>(18,045)</u>
Other income and (expense)	103	(15)	310	(21)
Loss before provision for income taxes and cumulative effect of change in accounting principle	<u>(7,227)</u>	<u>(7,862)</u>	<u>(6,048)</u>	<u>(18,066)</u>
Provision for income taxes	64	74	123	80
Loss before cumulative effect of change in accounting principle	<u>(7,291)</u>	<u>(7,936)</u>	<u>(6,171)</u>	<u>(18,146)</u>
Cumulative effect of change in accounting principle, net of tax of \$0	<u>—</u>	<u>—</u>	<u>838</u>	<u>—</u>
Net loss	<u>\$ (7,291)</u>	<u>\$ (7,936)</u>	<u>\$ (5,333)</u>	<u>\$ (18,146)</u>
Net loss per common share:				
Basic and diluted	<u>\$ (0.45)</u>	<u>\$ (0.50)</u>	<u>\$ (0.33)</u>	<u>\$ (1.14)</u>
Weighted average common shares outstanding used in computing net loss per share:				
Basic and diluted	<u>16,209</u>	<u>15,942</u>	<u>16,234</u>	<u>15,881</u>
Cost of revenue, selling and marketing, research and development, and general and administrative expenses include stock-based compensation charges as follows:				
Cost of revenue	\$ 232	\$ 265	\$ 450	\$ 419
Selling and marketing	\$ 1,007	\$ 762	\$ 1,656	\$ 1,291
Research and development	\$ 471	\$ 442	\$ 920	\$ 814
General and administrative	\$ 1,164	\$ 847	\$ 2,062	\$ 1,691

(1) Accuray's second quarter ends on the Saturday nearest to December 31. For presentation purposes, the Unaudited Condensed Consolidated Statements of Operations refer to a calendar month end.

Accuray Incorporated
Unaudited Condensed Consolidated Balance Sheets (1)
(in thousands, except share amounts)

	December 31, 2006 (unaudited)	June 30, 2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 15,865	\$ 27,857
Accounts receivable, net of allowance for doubtful accounts of \$20 at December 31, 2006 and June 30, 2006	18,841	11,698
Inventories	14,940	10,100
Prepaid expenses and other current assets	6,456	3,512
Deferred cost of revenue—current	10,106	4,810
Total current assets	<u>66,208</u>	<u>57,977</u>
Property and equipment, net	23,440	21,945
Goodwill and intangible assets, net	5,812	5,941
Deferred cost of revenue and other non-current assets	48,263	52,760
Total assets	<u>\$ 143,723</u>	<u>\$ 138,623</u>
Liabilities, temporary equity and stockholders' equity (deficiency)		
Current liabilities:		
Accounts payable	\$ 8,547	\$ 4,726
Accrued expenses	13,110	15,055
Customer advances and deferred revenue—current	50,025	41,979
Total current liabilities	<u>71,682</u>	<u>61,760</u>
Long-term liabilities:		
Customer advances and deferred revenue—non-current	126,654	130,214
Total liabilities	<u>198,336</u>	<u>191,974</u>
Temporary equity		
Redeemable convertible preferred stock, no par value; authorized: 30,000,000 shares; issued and outstanding: 17,419,331 at December 31, 2006 and June 30, 2006; liquidation amount: \$42,934 and \$40,354 at December 31, 2006 and June 30, 2006, respectively.	27,504	27,504
Stockholders' equity (deficiency)		
Common stock, no par value; authorized: 70,000,000 shares; issued and outstanding: 16,206,327 and 16,243,150 shares at December 31, 2006 and June 30, 2006, respectively.	12,876	13,276
Additional paid-in capital	30,966	43,988
Notes receivable from stockholders	—	(206)
Deferred stock-based compensation	—	(17,272)
Accumulated other comprehensive income	15	—
Accumulated deficit	(125,974)	(120,641)
Total stockholders' equity (deficiency)	<u>(82,117)</u>	<u>(80,855)</u>
Total liabilities, temporary equity and stockholders' equity (deficiency)	<u>\$ 143,723</u>	<u>\$ 138,623</u>

(1) Accuray's second quarter ends on the Saturday nearest to December 31. For presentation purposes, the Unaudited Condensed Consolidated Balance Sheets refer to a calendar month end.