

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 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 18, 2011**

**ACCURAY INCORPORATED**

(Exact name of registrant as specified in 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))

**Item 8.01. Other Events.**

On March 18, 2011, Accuray Incorporated posted on its website, www accuray.com, a Notice of Settlement of the shareholder derivative litigation entitled In re Accuray, Inc. Shareholder Derivative Litigation, Case No. C 09-cv-05580-CW (the "Litigation"), currently pending in U.S. District Court for the Northern District of California (the "District Court"), which Litigation is described in the Company's annual and quarterly reports filed with the U.S. Securities and Exchange Commission. The proposed settlement is subject to final approval by the District Court at a hearing scheduled for May 5, 2011. The terms of the proposed settlement are described in the Notice of Settlement dated March 18, 2011, which is filed as Exhibit 99.1 to this Current Report on Form 8-K.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

**Number**

**Description**

99.1 Notice of Settlement dated March 18, 2011

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**ACCURAY INCORPORATED**

By: \_\_\_\_\_ /s/ Darren J. Milliken

**EXHIBIT INDEX**

<b>Number</b>	<b>Description</b>
99.1	Notice of Settlement dated March 18, 2011

UNITED STATES DISTRICT COURT  
 NORTHERN DISTRICT OF CALIFORNIA  
 OAKLAND DIVISION

IN RE ACCURAY, INC. SHAREHOLDER )  
 DERIVATIVE LITIGATION ) Lead Case No. C 09 05580 CW

) **NOTICE OF SETTLEMENT**

This Document Relates To: )

ALL ACTIONS )

**TO: ALL CURRENT RECORD HOLDERS AND BENEFICIAL OWNERS OF ACCURAY, INC. ("ACCURAY" OR THE "COMPANY") COMMON STOCK.**

IF YOU ARE A CURRENT OWNER OF ACCURAY COMMON STOCK, YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THE LITIGATION.

PLEASE TAKE NOTICE that the above-captioned shareholder derivative litigation ("Federal Derivative Action") pending in the U.S. District Court for the Northern District of California (the "Court"), is being settled on the terms set forth in a Stipulation of Settlement dated March 11, 2011 (the "Stipulation"). This Notice should be read in conjunction with, and is qualified in its entirety by reference to, the text of the Stipulation, which is available from Plaintiffs'-Appellants' Counsel listed below and on Accuray's website at www.Accuray.com. All capitalized terms herein have the same meanings as set forth in the Stipulation.

PLEASE TAKE FURTHER NOTICE that on May 5, 2011 at 2:00 p.m., a hearing (the "Settlement Hearing") will be held before Judge Claudia Wilken of the U.S. District Court for the Northern District of California, Oakland Division, at 1301 Clay Street, Courtroom 2, Fourth Floor, Oakland, California 94612, to determine: (1) whether the terms of the Stipulation should be approved as fair, reasonable, and adequate; (2) whether the manner and form of Notice fully satisfied the requirements of Federal Rule of Civil Procedure 23.1 and the requirements of due process; (3) whether the Federal Derivative Action should be dismissed with prejudice; (4) whether all Released Claims against the Released Persons should be fully and finally released; (5) whether the payment of Plaintiffs'-Appellants' Counsel's and Demand Shareholder Counsel's attorneys' fees, costs, and expenses in the amount of \$800,000 (the "Fee and Expense Award") should be approved; (6) whether the Plaintiffs should each receive a total incentive award of \$1,000, payable out of the Fee and Expense Award; and (7) such other matters as the Court may deem appropriate.

The Federal Derivative Action was brought derivatively on behalf of Accuray against certain current and former officers and directors of the Company for, among other claims, alleged breaches of fiduciary duties. On August 31, 2010, the Court granted Defendants' motion to dismiss the Federal Derivative Action, with leave to amend. On September 27, 2010, Plaintiffs filed a notice of their intent not to file an amended complaint. On October 6, 2010, the Court dismissed the Federal Derivative Action and entered judgment. Plaintiffs Beebe, Borrelli, and Israni then filed a notice of appeal (the "Appeal") on November 8, 2010 with the U.S. Court of Appeals for the Ninth Circuit. On March 16, 2011, pursuant to the proposed Settlement the Ninth Circuit dismissed the Appeal without prejudice.

Plaintiff Bachinski, who was not part of the Appeal, separately made the Demand under Delaware Court of Chancery Rule 23.1 on December 1, 2010. Defendants expressly have denied and continue to deny each and all of the claims and contentions raised by the Plaintiffs in the Federal Derivative Action and the Demand.

A proposed Settlement of the Federal Derivative Action, the Appeal, and the Demand has been reached, subject to Court approval. The terms of the Settlement provide, in part, for releases of Released Claims against Released Persons, and for the adoption and implementation of certain Corporate Governance Measures designed to address the allegations in the Federal Derivative Action, including, but not limited to, policies pertaining to officer and director compensation and the Company's public disclosures.

If you are a current shareholder of Accuray common stock and you wish to object or to appear at the Settlement Hearing to show cause regarding why the Settlement embodied in the Stipulation should not be approved as fair, reasonable, and adequate, or why a judgment should or should not be entered hereon, or why the Fee and Expense Award should not be awarded, you must file a written objection or notice of intent to appear on or before April 14, 2011, stating all supporting bases and reasons for the objections, proof of current ownership of Accuray stock, as well as documentary evidence of when such stock ownership was acquired, and any documents or other evidence you wish the Court to consider, with the Court at the following address:

Clerk of the Court  
 U.S. District Court for the Northern District of California  
 Oakland Division  
 1301 Clay Street  
 Oakland, CA 94612

To object and/or appear at the Settlement Hearing, you must also send a copy of such material so that it is received on or before April 14, 2011 by counsel to the Settling Parties' as follows:

ROBBINS UMEDA LLP  
600 B Street, Suite 1900  
San Diego, CA 92101  
Telephone: (619) 525-3990  
Facsimile: (619) 525-3991

*Co-Lead Counsel for Plaintiffs-Appellants*

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*Counsel for Defendants*

Any shareholder who does not make an objection in the manner provided above shall be deemed to have waived any such objection if the Court approves the proposed Settlement.

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE.

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*Co-Lead Counsel for Plaintiffs-Appellants*

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*Counsel for Demand Shareholder*