Accuray agrees to buy TomoTherapy for $277M

The Associated Press

Accuray Inc. said Monday it will buy TomoTherapy Inc. for $277 million in a deal that unites two companies that make radiation therapy systems.

Accuray said it will acquire TomoTherapy for $4.80 per share in cash and stock, which is a 30.8 percent premium to the most recent closing price of TomoTherapy shares. The boards of both companies have approved the deal, and assuming TomoTherapy's shareholders and antitrust regulators approve, the sale is expected to close in the second quarter or early third quarter.

TomoTherapy's Hi-Art system is designed to spiral around a patient to deliver more direct doses of radiation to a tumor and avoid healthy tissue. It also uses daily CT scans to get up-to-date information on the patient's anatomy. Accuray, of Sunnyvale, Calif., makes the Accuray makes the CyberKnife Robotic Radiosurgery System. It says CyberKnife is the world's only robotic radiosurgery system designed to treat tumors anywhere in the body non-invasively.

Accuray said the combined company will have 1,100 employees and about 550 systems installed in 32 countries. TomoTherapy reported revenue of $195.4 million in 2010 and it expects $215 million to $235 million in revenue in 2011. Accuray has reported $206 million in revenue over its last four fiscal quarters.

While Accuray has been profitable in three of its last four quarters, TomoTherapy expects to lose 30 to 50 cents per share in 2011. Accuray said it expects the deal to add to its profit starting in the fiscal year beginning July 1, 2012.

Accuray said it is committed to maintaining a presence in Madison, Wis., where TomoTherapy is based

TomoTherapy stock has traded between $2.59 and $4.18 in the last year, and it closed at $3.67 Friday. Under the deal, TomoTherapy shareholders will receive $3.15 in cash and 0.1648 shares of Accuray in exchange for each TomoTherapy share they own.

Shares of TomoTherapy climbed 93 cents, or 25 percent, to $4.60 in morning trading. Accuray shares fell 71 cents, or 7.1 percent, to $9.30.

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