

KEY TECHNOLOGY INC
Form 8-K
January 05, 2011

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): December 28, 2010

KEY TECHNOLOGY, INC.

(Exact name of registrant as specified in its charter)

OREGON
(State or other jurisdiction
of incorporation)

0-21820
(Commission File Number)

93-0822509
(IRS Employer
Identification No.)

150 Avery Street
Walla Walla, Washington 99362
(Address of principal executive offices) (Zip Code)

(509) 529-2161
(Registrant's telephone number, including area code)

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 (see General Instruction A.2. below):

- .. 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)

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- .. 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 1.01 Entry into a Material Definitive Agreement.

The information set forth in Item 2.03 below regarding new financial obligations is incorporated by reference into this Item 1.01.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On December 28, 2010, Key Technology, Inc. (the “Company”), effective on December 23, 2010, renewed its revolving credit accommodation for its European subsidiaries, Suplusco Holding B.V. and Key Technology B.V., with ABN AMRO Bank N.V. (“the Lender”). The credit accommodation totals €1.75 million and includes an operating line of the lesser of €250,000 or the available borrowing base, which is based on varying percentages of eligible accounts receivable and inventories, and a bank guarantee facility of €1.5 million. The credit facility bears interest at the lender’s prime rate, with a minimum of 3.00%, plus 1.75%. The credit accommodation contains a covenant which requires the maintenance of minimum tangible net worth levels at the subsidiaries. The credit accommodation has no fixed term or maturity. The operating line and bank guarantee facility are secured by all of the subsidiaries’ personal property. The credit facility allows overages on the bank guarantee facility. Any overages reduce the available borrowings under the operating line.

SIGNATURES

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

KEY TECHNOLOGY, INC.

/s/ John J. Ehren
John J. Ehren
Senior Vice President and Chief Financial Officer

Dated: January 4, 2011
