ASTROTECH Corp \WA\
Form 10-K/A
October 29, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K/A

(Mark One)

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended June 30, 2009

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from __________ to __________

Commission File Number 001-34426
Astrotech Corporation
(Exact name of registrant as specified in its charter)

Washington	**91-1273737**
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification No.)

401 Congress Ave. Suite 1650
Austin, Texas 78701
(Address of principal executive offices) (Zip code)
(512) 485-9530
(Registrant s telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	*Name of each exchange on which registered*
Common Stock (no par value)	**NASDAQ Capital Market**

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES o NO þ

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES o NO þ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES þ NO o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES o NO o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or

information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company þ

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES o NO þ
The aggregate market value of the registrants voting and non-voting common equity held by non-affiliates of the registrant, based upon the closing price of such stock on the NASDAQ Capital Market on such date of $0.26 was approximately $4,262,107 as of December 31, 2008.
As of October 26, 2009, 16,778,664 shares of the registrant s Common Stock, no par value, were outstanding.

EXPLANATORY NOTE

Astrotech Corporation, referred to herein as Astrotech , the Company , we , us or our is amending its Fiscal Ye Form 10-K to add information required in PART III. The required PART III information was intended to be included in our definitive Proxy Statement for our 2009 Annual Meeting of Shareholders and was so referenced in 2009 Form 10-K. We have not yet filed our definitive Proxy Statement for our 2009 Annual Meeting of Shareholders.

Note: There are no other changes to the original Form 10-K filing other than those outlined in this document. This Form 10-K/A does not reflect events occurring after the filing of the original 2009 Form 10-K, or modify or update the disclosures therein in any way other than as required to reflect the amendment set forth below.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

A Board of seven directors was elected at the 2008 Annual Meeting. The Company s Articles of Incorporation authorize the Board of Directors from time to time to determine the number of its members. Vacancies in unexpired terms and any additional director positions created by Board action may be filled by action of the existing Board of Directors at that time, and any director who is appointed in this fashion will serve until the next Annual Meeting of Shareholders or until a successor is duly elected and qualified.

The following table shows information as of October 1, 2009 regarding members of the Company s Board of Directors:

Current Directors	Principal Occupation	Age as of October 1, 2009	Director Since
Thomas B. Pickens, III	Chairman and Chief Executive Officer of Astrotech Corporation	52	2004
Mark Adams*	Founder, President and CEO, Advocate MD Financial Group, Inc.	48	2007
General (Ret.) Lance W. Lord	Chief Executive Officer, Astrotech Space Operations; CEO, Lance Lord and Associates, LLC	63	2008
John A. Oliva*	Managing Principal, Capital City Advisors, Inc.	54	2008
William F. Readdy*	Founder, Discovery Partners, International LLC	58	2008
Sha-Chelle Devlin Manning*	Managing Director, Nanoholdings LLC	41	2009

* Indicates an independent director

Current Directors

Thomas B. Pickens, III

Mr. Pickens was named Astrotech s Chief Executive Officer in January 2007 and Chairman in February 2008. In 1985, Mr. Pickens founded T.B. Pickens & Co., a company that provides consulting services to corporations, public institutions, and start-up organizations. Additionally, Mr. Pickens is the Managing Partner and Founder of Tactic Advisors, Inc., a company specializing in corporate turnarounds on behalf of creditors and investors that have aggregated to over $20 billion in value. Since 1985, Mr. Pickens has served as President of T.B. Pickens & Co. From 1991 to 2002, Mr. Pickens was the Founder and Chairman of U.S. Utilities, Inc., a company which operated 114 water and sewer utilities on behalf of various companies affiliated with Mr. Pickens. From 1995 to 1999, Mr. Pickens directed over 20 direct investments in various venture capital investments and was Founder and Chairman of the Code Corporation. From 1988 to 1993, Mr. Pickens was the Chairman of Catalyst Energy Corporation and was Chairman of United Thermal Corporation (NYSE). Mr. Pickens was also the President of Golden Bear Corporation, Slate Creek Corporation, Eury Dam Corporation, Century Power Corporation, and Vidilia Hydroelectric Corporation. From 1982 to 1988, Mr. Pickens founded Beta Computer Systems, Inc., and Sumpter Partners, and was the General Partner of Grace Pickens Acquisition L.P.

Mark Adams

Mr. Adams founded Advocate, MD Financial Group, Inc., a leading Texas-based medical liability insurance holding company, in July 2003. Since July 2003, Mr. Adams has served as its Chairman, President, and Chief Executive Officer. He is also a founding partner in several other companies including the Endowment Development Group, a Houston-based life insurance company specializing in placing large multimillion dollar life insurance policies throughout the U.S. market. Mr. Adams founded Murphy Adams Restaurant Group in 2007. He owns and operates Mama Fu s Asian House restaurants throughout the southeast United States. In 2008, Mr. Adams founded Small Business United, LLC, a cutting edge health insurance company for small businesses. In 2009 Mr. Adams founded Sozo Global, LLC, a rapidly expanding network marketing functional beverage company. Mr. Adams is the winner of the 2008 Prestigious Ernst and Young Entrepreneur of the Year Award for Central Texas. After his career with global public companies such as Xerox and Johnson & Johnson (1985-1988), beginning in 1988, Mr. Adams then spent the next 12 years at Bostik Adhesives where he served in senior management, sales and strategic business roles for their worldwide markets in North America, Latin America, Asia, and Europe. In 1997, Mr. Adams then served as Global Sales Director for Bostik and General Manager of Nitta-Findley Company based in Osaka, Japan and later joined Ward Adhesives, Inc. as a minority owner, General Manager, and Vice President of Sales and Marketing. Mr. Adams currently serves as a Director for several public and private companies, as well as a board member for multiple nonprofit organizations. Mr. Adams is also an advisory board member for the McCoy College of Business at Texas State University.

General (Ret.) Lance W. Lord

Lance W. Lord, former Commander, Air Force Space Command, Peterson Air Force Base, Colorado, served in the Air Force from 1969 until his retirement in April 2006. He was responsible for the development, acquisition and operation of the Air Force s space and missile systems. The general oversaw a global network of satellite command and control, communications, missile warning and launch facilities, and ensured the combat readiness of America s intercontinental ballistic missile force. He led more than 39,700 space professionals who provide combat forces and capabilities to North American Aerospace Defense Command and U.S. Strategic Command. Since his retirement in April 2006, Mr. Lord has been a defense policy and strategic planning consultant through his company, Lance Lord and Associates, LLC. Mr. Lord also serves as a director on the board of Carrier Access Corporation, Sutter Construction Company, Compudyne Corporation, and is on the board of trustees of Memorial Hospital in Colorado Springs, Colorado. Mr. Lord has been the Chief Executive Officer of the Company s Astrotech subsidiary since June 2008.

Among several major awards and decorations, Mr. Lord is the recipient of the Distinguished Service Medal with oak leaf cluster, the Legion of Merit with two oak leaf clusters, the Defense Meritorious Service Medal, Air Force Commendation Medal with oak leaf cluster, the National Defense Service Medal with two bronze stars, and the Humanitarian Service Medal. He was also the recipient of the Secretary of the Air Force Leadership Award, the Space Champion Award and the Order of the Sword, Air Force Space Command.

John A. Oliva

John A. Oliva has 27 years of experience in the private equity, investment banking, capital markets, branch management, and asset management sectors. Since 2002, Mr. Oliva has been the Managing Principal of Capital City Advisors Inc. (CCA), a NASD/FINRA registered broker/dealer and independent investment banking and advisory firm. Since 2002, CCA has provided financial advisory services, including mergers/acquisitions and raising expansion capital to select mid-tier companies. Mr. Oliva also co-manages the Indo-American Growth Fund, a private equity fund specializing in private Indian companies, a position he has held since 2007.

Mr. Oliva has eight NASD/FINRA licenses including the Managing Principal and Financial Principal licenses. Prior to joining CCA, he worked for Morgan Stanley & Co and served as an advisor to their Private Wealth Management group, developing, reviewing and implementing solutions for investment banking clients, and was a group manager. Mr. Oliva was nationally recognized for achievements while at Morgan Stanley & Co and Shearson/Lehman Brothers in the asset management and investment banking sector. He performed similar key roles at Interstate/Johnson Lane and The Robinson Humphrey Company. Mr. Oliva also worked on the floor of the New York Stock Exchange.

William F. Readdy

From 1974 to 2005, Mr. Readdy served the United States as a naval aviator, pilot astronaut, military officer, and civil service executive. In 2005, Mr. Readdy established Discovery Partners, International LLC, a consulting firm to provide strategic planning, risk management, safety and emerging technology solutions to aerospace and high-tech industries.

He served as a test pilot and instructor between carrier deployments to the North Atlantic, Caribbean and Mediterranean in the late 1970s and early 1980s. Mr. Readdy joined the National Aeronautics and Space Administration (NASA) in 1986 and in 1987 became a member of the astronaut corps, but continued his military service in the Naval Reserve, attaining the rank of captain before retiring in 2000.

Mr. Readdy logged more than 672 hours in space on three shuttle missions. He commanded his third flight, docking space shuttle *Atlantis* at the Russian space station *Mir* in 1996 and oversaw the first exchange of American astronaut researchers living aboard the Russian outpost.

In 2001, Mr. Readdy was appointed as NASA s associate administrator for space operations and moved to Washington D.C. Following the loss of space shuttle *Columbia* in February 2003, Mr. Readdy chaired NASA s Space Flight Leadership Council, and oversaw the agency s recovery from the accident and the shuttle s successful return to flight in July 2005.

Mr. Readdy was honored as a Meritorious Rank Executive by President Bush in 2003 and in 2005 was awarded NASA s highest honor, the Distinguished Service Medal for the second time. He has also been the recipient of NASA s Outstanding Leadership Medal three times and the Exceptional Service Medal twice. In addition he is the recipient of numerous national and international aviation and space awards, and has been recognized for his contributions to aerospace safety.

Sha-Chelle Devlin Manning

Since September 1, 2008, Sha-Chelle Manning has been Managing Director of Nanoholdings LLC, a company that commercializes scientific breakthroughs in nanotechnology that solve energy efficiency challenges with some of the world s best scientists and universities. From January 2007 to December 31, 2008, Ms. Manning was Vice- President at Authentix, a Carlyle company that is the leader in authentication solutions for Fortune 500 companies and governments around the world for brand protection, excise tax recovery, and authentication of security documents and pharmaceutical drugs. From September 2005 to April 2007, Ms. Manning was a consultant to the Office of the Governor of Texas, Rick Perry, where she led the development of the Texas nanotechnology strategic plan.

Prior to these assignments, Ms. Manning was Director of Alliances at Zyvex Corporation from August 2002 to September 2005, where she was responsible for the commercialization of nanotechnology products introduced and sold into the marketplace in partnership with key government agencies and industry. Ms. Manning also served as a Vice President for Winstar Communications New Media.

Executive Officers and Key Employees of the Company who are Not Directors

Set forth below is a summary of the background and business experience of the executive officers of the Company who are not nominees of the Board of Directors:

Name	Position(s)	Age	With Company Since
John M. Porter	Senior Vice President, Chief Financial Officer and Secretary	37	2008
James D. Royston	President	45	2000
Don M. White	Senior Vice President, GM of Astrotech Space Operations	46	2005

The executive officers and key employees named below will serve in such capacities until the next annual meeting of the Company s Board of Directors, or until their respective successors have been duly elected and have been qualified, or until their earlier death, resignation, disqualification, or removal from office.

John M. Porter

Mr. Porter joined Astrotech in October 2008 and serves as the Company s Senior Vice President, Chief Financial Officer and Secretary. He is responsible for overall strategic planning, corporate development and finance. His primary areas of focus is utilizing financial management to support the core spacecraft payload processing business while efficiently advancing the Company s biotechnology initiatives in microgravity processing and commercializing advanced technologies that have been developed in and around the space industry.

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Prior to joining the Company, Mr. Porter co-founded Arabella Securities, an investment banking firm that specialized in providing trading services and equity research on small-cap companies to institutional investors. He headed the Equity Research department, and published research on small companies in the Healthcare Technology sector. Arabella Securities subsequently merged with another broker/dealer in 2006 where Mr. Porter continued to lead the firm s Healthcare investment banking practice. Mr. Porter previously served as Director of Business Development for Luminex Corporation (NASDAQ: LMNX), a leading developer of biological testing technologies for the Diagnostic and life sciences industries. While at Luminex, Mr. Porter was responsible for the development, negotiation and management of Luminex s strategic partnership program. During his tenure at Luminex, over 40 new strategic licensing partnerships were formed with companies around the globe including Hitachi Software (Japan), Qiagen (Germany), Tepnel (UK), Invitrogen (formerly Biosource, US), Inverness Medical (US), Millipore Corporation (formerly Upstate Biotech, US), and many other world class companies. Mr. Porter performed additional duties including strategic planning, product development, marketing management, and investor relations. Mr. Porter also served in multiple capacities during the preparation, and execution of Luminex s initial public offering (IPO) in March 2000, where the company successfully raised approximately $100M.

Mr. Porter has a Bachelor of Science in Chemistry from Hampden-Sydney College in Virginia. In addition, Mr. Porter earned a Master of Business Administration from the A.B. Freeman School of Business at Tulane University and holds a Master of Science in Physical Chemistry & Material Science from Tulane University in New Orleans.

James D. Royston

In June 2007, Mr. Royston was appointed to the position of President of Astrotech Corporation, responsible for advancing the Company s global space commerce initiatives. Mr. Royston joined Astrotech in 2000 and most recently served as Senior Vice President and General Manager of Astrotech Space Operations. A former RWD Technologies Inc, executive (NASDAQ -RWDT), Mr. Royston served as the company s e-Learning Director, where he managed company operations, strategic planning, and growth strategies. Mr. Royston also served as the Director of the Information Management Project Office for United Space Alliance at NASA s Kennedy Space Center (KSC). His aerospace experience also includes acting as the KSC Operations Director for Orbital Sciences Corporation, overseeing all contract and business development activities, as well as managing the Information Systems for NASA s Hubble Space Telescope Program. He also served as a Program Manager at NASA Headquarters in Washington, D.C.

Don M. White

Don M. White has been instrumental in leading Astrotech s satellite processing operations since 2005. As Senior Vice President and General Manager of Astrotech Space Operations, Mr. White oversees a rigorous satellite payload processing schedule. He is also responsible for expanding business services, improving profitability, and managing current contracts. Additionally, Mr. White maintains ongoing negotiations with all customers, pledging that every mission contract process is streamlined with the utmost efficacy and safety.

Prior to joining the Astrotech team, Mr. White was employed at Lockheed Martin as their Payloads/Ordnance Chief Engineer. He was then promoted to Mission Support Manager, leading various aspects of the Atlas V Development Program. Mr. White s extensive aerospace experience also includes providing leadership to the Titan and Shuttle External Tank programs while at Martin Marietta Corporation.

Operations of the Board of Directors

Director Nomination Process

Astrotech s director nominees are approved by the Board after considering the recommendation of the Corporate Governance and Nominating Committee.

A Board of six directors will be elected at the Annual Meeting. The Company s Articles of Incorporation provide that, with respect to any vacancies or newly created directorships, the Board will nominate such individuals as may be specified by a majority vote of the then sitting directors.

Regarding nominations for directors, the Corporate Governance and Nominating Committee identifies nominees in various ways. The Corporate Governance and Nominating Committee considers the current directors that have expressed interest in, and that continue to satisfy, the criteria for serving on the Board. Other nominees may be proposed by current directors, members of management, or by shareholders. From time to time, the Corporate Governance and Nominating Committee may engage a professional firm to identify and evaluate potential director nominees, but has not paid any of such fees to date. The Corporate Governance and Nominating Committee considers the Board at a strategic level looking for industry and professional experience that complements the Company s goals and direction. The Corporate Governance and Nominating Committee has established certain criteria it considers as nominating guidelines for the Board of Directors. The criteria include:

- the candidate s independence;
- the candidate s depth of business experience;
- the candidate s availability to serve;
- the candidate s integrity and personal and professional ethics;
- the balance of the business experience on the Board as a whole; and
- the need for specific expertise on the Board.

The criteria are not exhaustive and the Corporate Governance and Nominating Committee and the Board of Directors may consider other qualifications and attributes which they believe are appropriate in evaluating the ability of an individual to serve as a member of the Board of Directors. The Corporate Governance and Nominating Committee s goal is to assemble a Board of Directors that brings to the Company a variety of perspectives and skills derived from high quality business and professional experience. In order to ensure that the Board consists of members with a variety of perspectives and skills, the Corporate Governance and Nominating Committee has not set any minimum qualifications and also considers candidates with appropriate non-business backgrounds. Other than ensuring that at least one member of the Board is a financial expert and a majority of the Board members meet all applicable independence requirements, the Corporate Governance and Nominating Committee does not have any specific skills that it believes are necessary for any individual director to possess. Instead, the Corporate Governance and Nominating Committee evaluates potential nominees based on the contribution such nominee s background and skills could have upon the overall functioning of the Board.

Committees of the Board of Directors

During fiscal year 2009, the Board of Directors had three standing committees: an Audit Committee, a Compensation Committee and a Corporate Governance and Nominating Committee. Each such committee currently consists of three persons and each member of the Audit, Compensation and Corporate Governance and Nominating Committees are required at the minimum to meet the independence requirements of the Nasdaq Capital Market s Marketplace Rules. Additionally, the Board of Directors created an Executive Committee in July 2009, which consists of five current Board members.

The Governance and Nominating Committee, the Audit Committee and the Compensation Committee have adopted a charter that governs its authority, responsibilities and operation. The Company periodically reviews, both internally and with the Board, the provisions of the Sarbanes-Oxley Act of 2002, and the rules of the SEC and NASDAQ regarding corporate governance policies, processes and listing standards. In conformity with the requirement of such rules and listing standards, we have adopted a written Audit Committee Charter, a Compensation Committee Charter, and a Corporate Governance and Nominating Committee Charter, which may be found on the Company s web site at www.astrotechcorp.com under For Investors or by writing to Astrotech Corporation, 401 Congress Avenue, Suite 1650, Austin, Texas 78701, Attention Investor Relations and requesting copies.

The Board of Directors has determined each of the following directors to be an independent director as such term is defined by Rule 5605(a)(2) of the NASDAQ Marketplace Rules: Mark Adams; John A. Oliva; Sha-Chelle Devlin Manning and William F. Readdy. The Board of Directors has also determined that each member of the Audit Committee and the Compensation Committee, and a majority of the members of the Corporate Governance and Nominating Committee during the past fiscal year met the independence requirements applicable to those Committees prescribed by NASDAQ and SEC rules.

The Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee was created by the Board of Directors in February 2004. The Corporate Governance and Nominating Committee s charter was adopted by the Committee and approved by the Board in May 2004. The charter is available in the For Investors section of the Company s web site at www.astrotechcorp.com. The primary purpose of the Corporate Governance and Nominating Committee is to provide oversight on the broad range of issues surrounding the composition and operation of the Board of Directors, including identifying individuals qualified to become Board members and recommending to the Board director nominees for the next Annual Meeting of Shareholders. As of the end of fiscal year 2009 the Corporate Governance and Nominating Committee consisted of Mr. Adams (Chairman), Ms. Manning and Mr. Oliva. During fiscal year 2009, the Corporate Governance and Nominating Committee met twice.

The Audit Committee

The Audit Committee is composed solely of independent directors that meet the requirements of NASDAQ and SEC rules and operates under a written charter adopted by the Audit Committee and approved by the Board of Directors in May 2004. The charter is available on the Company s web site which is www.astrotechcorp.com. The Audit Committee is responsible for appointing and compensating a firm of independent registered public accountants to audit the Company s financial statements, as well as oversight of the performance and review of the scope of the audit performed by the Company s independent registered public accountants. The Audit Committee also reviews audit plans and procedures, changes in accounting policies, and the use of the independent registered public accountants for non-audit services. As of the end of fiscal year 2009, the Audit Committee consisted of Mr. Oliva (Chairman), Mr. Adams, and Mr. Nieboer. During fiscal year 2009, the Audit Committee met five times. The Board of Directors has determined that John A. Oliva met the qualification guidelines as an audit committee financial expert as such term is defined in Item 407(d)(5)(ii) of Regulation S-K promulgated by the SEC.

Mr. Nieboer resigned as Director on September 30, 2009. Subsequently, Ms. Manning was appointed in October 2009.

The Compensation Committee

The Compensation Committee is composed solely of independent directors that meet the requirements of NASDAQ and SEC rules and operates under a written charter adopted by the Compensation Committee and approved by the Board of Directors in May 2004, and amended in May 2005. The charter is available on the Company s web site, which is www.astrotechcorp.com. The Compensation Committee is responsible for determining the compensation and benefits of all executive officers of the Company and establishing general policies relating to compensation and benefits of employees of the Company. The Compensation Committee also administers the Company s 2008 Stock Incentive Plan, the 1994 Stock Incentive Plan, the 1995 Directors Stock Option Plan, and the Employee Stock Purchase Plan in accordance with the terms and conditions set forth in those plans. As of the end of fiscal year 2009, the Compensation Committee consisted of Mr. Adams (Chairman), Mr. Readdy, and Mr. Oliva. During fiscal year 2009, the Compensation Committee met twice.

The Executive Committee

Subsequent to fiscal year 2009 period end, the Board of Directors created an Executive Committee comprised of current Astrotech Directors. The Executive Committee is responsible for facilitating general corporate decisions, including the review of strategic alternatives. The Executive Committee includes Mr. Pickens (Chairman), Mr. Olivia, Mr. Adams, Mr. Readdy and Ms. Manning. Following its formation in July 2009, the Executive Committee met once.

Code of Ethics and Business Conduct

The Company s Code of Ethics and Business Conduct applies to all directors, officers, and employees of Astrotech. The key principles of this code include acting legally and ethically, speaking up, getting advice, and dealing fairly with the Company s Shareholders. The Code of Ethics and Business Conduct is available on the Company s web site at www.astrotechcorp.com and is available to the Company s Shareholders upon request. The Code of Ethics and Business Conduct meets the requirements for a Code of Conduct under the SEC rules for financial officers.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company s directors and executive officers and persons who beneficially own more than 10% of the Company s Common Stock to file reports of ownership and changes in ownership with the SEC. Such directors, executive officers, and greater than 10% Shareholders are required by SEC regulation to furnish to the Company copies of all Section 16(a) forms they file. Due dates for the reports are specified by those laws, and the Company is required to disclose in this document any failure in the past fiscal year to file by the required dates. Based solely on written representations of the Company s directors and executive officers and on copies of the reports that they have filed with the SEC, the Company s belief is that all of Astrotech s directors and executive officers complied with all filing requirements applicable to them with respect to transactions in the Company s equity securities during fiscal year 2009.

Item 11. Executive Compensation
Compensation Discussion and Analysis
Overview

Astrotech provides a range of products and services that focus on utilizing space for the needs of government and commercial applications. Our core business operates spacecraft pre-launch facilities and provides supporting services at three domestic launch sites. We develop and operate space flight hardware assets, provide manned and unmanned payload processing services, and develop commercial product using space-based technology. In anticipation of the planned 2010 space shuttle retirement, we began developing new products and services within our strategic focus on the commercial exploitations of space.

Achieving our Company s aspirations requires a highly skilled, motivated team. Thus, our compensation system is designed to be competitive with those of other companies that compete for highly skilled technical employees and executives. Our performance-based compensation system is intended to include incentives for innovation and entrepreneurial spirit.

Guiding Principles

The Compensation Committee strives to achieve our strategic objectives by designing our compensation program to offer competitive base compensation to attract and retain experienced qualified executives while offering incentives to foster the innovation and entrepreneurial spirit necessary for executing our business strategy and rewards for successful achievement of performance goals. In designing our executive compensation program, we are guided by five principles:

- Establish target compensation levels that are competitive within the industries and the markets in which we compete for executive talent;
- Structure executive compensation so that our executives share in Astrotech s successes and failures by correlating compensation with target levels based upon business performance;
- Link pay to performance by making a percentage of total executive compensation variable, or at risk , through an annual determination of performance-based incentive compensation;
- Align a portion of executive pay with shareholder interests through equity awards; and
- Maintain a company-wide entrepreneurial atmosphere by minimizing special executive only benefits or prerequisites.

Operation of the Compensation Committee

The Compensation Committee of the Board of Directors administers our executive compensation program and monitors the Company s overall compensation strategy to ensure that executive compensation supports the Company s business objectives. The Compensation Committee reviews and determines salary, short-term incentives, long-term incentives and other benefits for the Company s Chief Executive Officer (CEO) and certain named executive officers (NEOs).

For a more complete discussion of the responsibilities of the Compensation Committee, see the Operations of the Board of Directors The Compensation Committee, and the charter for the Compensation Committee posted on our web site at www.astrotechcorp.com.

The Compensation Program

The key components of our current compensation program for Astrotech executive officers are:

- Base salary;
- Short-term cash incentives;
- Long-term performance-based and other equity awards; and
- Other benefits.

To remain competitive, the Compensation Committee periodically benchmarks our executive compensation program to determine how well actual compensation targets and levels compare to our overall philosophy and target markets. The primary focus of the benchmarking process is on public companies in the aerospace, defense and government contractor industries of similar or otherwise comparable size and complexity. This benchmarking considers information from proxy data for the peer group s CEO and NEOs and was last presented to the Compensation Committee in August 2009.

During fiscal 2007 and 2008, the Compensation Committee retained an independent outside consultant, Strategic Compensation Research Associates, to review total executive compensation. The Compensation Committee used the independent consultant to guide compensation of executive officers during fiscal 2008 and 2007.

Executive Compensation through the Company s Restructuring and Transition Period

In January, 2007, the Board of Directors of the Company initiated a comprehensive restructuring and transition program to wind down the Company s remaining committed space shuttle module missions, reassess the Company s capital structure and reduce Company operating expenses. During this restructuring and transition period the Company s CEO and certain other NEOs did not have employment agreements and the Compensation Committee suspended its annual stock option grant program and short term cash incentive plan. In recognition of the efforts of the Company s CEO, NEOs and certain directors in fiscal 2008, the Compensation Committee, with the concurrence of the Committee of Independent Directors of the Board of Directors, granted specific equity and cash awards in July 2008. Additionally, employment agreements were granted to Thomas B. Pickens III, James D. Royston, Lance W. Lord and Brian K. Harrington.

Other Considerations in Determining Executive Compensation

We believe that our executive compensation properly incentivizes our senior management to focus on the overall goals of the Company. Each element of our Executive Compensation Program is structured towards specific objectives. If a unique situation occurs where incentive goals are considered for adjustment or stock options repricing is considered, the Compensation Committee will perform a review of the individual facts and circumstances before taking any action.

Role of the Compensation Committee and CEO in Determining Executive Compensation

For fiscal year 2008, the Compensation Committee held Base Salaries for our NEOs unchanged except for new appointments, recognizing the objectives of the Board of Directors for restructuring and transitioning the Company. In July 2007, our CEO, Mr. Pickens provided to the Compensation Committee his recommendations with respect to potential compensation for the NEOs other than himself. Mr. Pickens recommendations recognized the successful completion of the period of restructuring and transition. The Compensation Committee reviewed and gave considerable weight to these recommendations because of Mr. Pickens direct knowledge of the other executives performance and contributions. The Compensation Committee ultimately used its collective judgment along with the advice of its compensation consultant to determine the base salaries, grants of restricted and unrestricted stock, and the size of each stock option grant, in each case for the NEOs. Mr. Pickens, who became our CEO in January 2007 was awarded his compensation based on the collective judgment of the Compensation Committee and upon the advice and consultation of SCRA, the Compensation Committee s retained compensation consultant. Mr. Pickens was not present during any discussion or determination of his compensation by the Compensation Committee.

Base Salary

Base salary is designed to compensate our employees in part for their roles and responsibilities, and also to provide a fixed level of compensation that serves as a retention tool throughout the executive s career. As of September 30, 2009, the Company had employment agreements, which included base salary, with Mr. Pickens, Mr. Royston, Mr. Lord and Mr. White. These initial base salaries were set considering each executive s roles and responsibilities, current skills, future potential and comparable market compensation. Typically, the Compensation Committee reviews the base salaries of each NEO annually. Adjustments are made based on individual performance, changes in roles and responsibilities, and external market data for similar positions.

Subsequent to the completion of fiscal 2009, the Compensation Committee completed a review of executive compensation in August 2009. The Compensation Committee recommended to the Board of Directors that the following annual salary changes should be made for fiscal 2010: Mr. Pickens salary increased to $380,000, Mr. Porter s salary increased to $250,000, Mr. Lord s salary increased to $240,000 and Mr. White s salary increased to

$200,470.

Short-term Cash Incentives

At the discretion of the Compensation Committee, we provide annual incentive awards under our Key Employee Incentive Bonus Plan (the Bonus Plan). These short-term cash incentives are designed to reward the achievement of specific, pre-set financial results measured over the fiscal year in which that compensation is earned. Generally, we compute the Bonus Plan after the end of each fiscal year and make the cash awards during the first quarter of the next fiscal year. The Bonus Plan encompasses all employees of the Company based upon maximum award levels stated as a percentage of base salary (Payout Percentage). The maximum award levels are set within our salary-grade structure for each salary grade ranging from 5% to 50%.

For fiscal year 2009, the Compensation Committee approved a Bonus Plan encompassing three equally weighted Bonus Elements , each based upon specific objectives set by the Compensation Committee at the beginning of the fiscal year. The sum of the Payout Percentage for each of the Bonus Elements, then is applied to the award levels for each employee to determine the Bonus Award. For fiscal year 2009, the Compensation Committee had established the following three Bonus Elements:

Individual Performance A Payout Percentage of up to 33% of the individual s total bonus is based upon the officer or employee s performance of his job responsibilities and achievement of individual goals as determined through the annual performance review process.

Business Unit Performance A Payout Percentage of up to 33% of the individual s total bonus is to be awarded based upon financial performance of the officer or employee s Business Unit based upon net income, relative to the approved budget for the fiscal year.

Corporate Performance A Payout Percentage of up to 33% of the individual s total bonus is to be awarded based upon financial performance of the Company, as measured by comparing the approved budget of revenue, net income and backlog to actual results for the fiscal year.

Given the dynamic marketplace and the possibility of unforeseen developments, the Compensation Committee has discretionary authority to adjust such awards to reflect actual performance in light of such developments or to make other discretionary adjustments to the overall Payout Percentage or to individual employee bonuses. Bonus maximum award levels range from 30% to 50% of base salaries for our NEOs. On average, we target our short term cash incentives to comprise approximately 15% of the total compensation package of our NEOs.

Long-term Non-cash Incentive Awards

Our long-term incentive awards are used to link Company performance and increases in shareholder value to the total compensation for our NEOs. These awards are also key components of our ability to attract and retain our NEOs. The annualized value of the awards to our NEOs is intended to be a significant component of the overall compensation package. On average, and assuming performance is on target, these awards are targeted to represent up to 40% of the total compensation package, consistent with our emphasis on linking executive pay to shareholder value.

Our shareholder-approved incentive plans allow for the granting of stock options based upon Astrotech s stock prices in the public markets. Stock options are granted with an exercise price not less than the market price of our common stock on the grant date. Options generally vest over a period of four years with 25% becoming exercisable on each anniversary of the grant date as long as the recipient is still employed by the Company on the date of vesting, and generally expire after ten years.

Stock awards, restricted stock grants and stock option awards were made in August 2009 in amounts for our NEOs as set forth in the table labeled Fiscal Year 2009 Grants of Plan-Based Awards.

Benefits

Our benefit programs are established based upon an assessment of competitive market factors and a determination of what is needed to attract and retain high caliber executives. Astrotech s primary benefits for executives include participation in the Company s broad-based plans: the 401(k) Plan, the Company s health, dental and vision plans and term life and disability insurance plans. The Company also provides certain executives, including some NEOs, with supplemental disability insurance. This plan offers additional income protection to Senior Vice Presidents and above and is provided to supplement the monthly benefit amounts that are capped in the general disability policy. The Company provides 1.5 times of each NEOs annual base salary to a maximum of $300,000 in term life insurance and pays the premium for such insurance. The fair values of premiums paid in excess of IRS limitations are included as other income reported for the NEO.

Indemnification Agreements

The Company has entered into indemnification agreements with each of its NEOs. The agreements provide that the Company shall indemnify and hold harmless each indemnitee from liabilities incurred as a result of such indemnitee s status as an officer, or employee of the Company, subject to certain limitations.

Post-Termination Compensation

The Compensation Committee believes that severance benefits and change of control benefits are necessary in order to attract and retain the caliber and quality of executive that the Company needs in its most senior positions. These benefits are particularly important to provide for continuity of senior management allowing executives to focus on results and long-term strategic initiatives.

At September 30, 2009, Mr. Pickens, Mr. Royston, Mr. Lord and Mr. White were the only executives with existing employment contracts. The agreements provide for severance payments and benefits if termination occurs without cause or if the executive leaves for good reason . There is also additional compensation provided in circumstances following such termination after a change in control . Additional information regarding the severance and change in control payments, including a definition of key terms and a quantification of benefits that would have been received by our NEOs at termination is found under Potential Payments upon Termination or Change in Control, which follows.

During fiscal 2009, Brian K. Harrington resigned as Senior Vice President, Chief Financial Officer, Secretary and Treasurer. Mr. Harrington received the full compensation package provided under his employment agreement.

Stock Ownership Guidelines

The Company has not established stock ownership guidelines.

Tax Deductibility Policy

The Compensation Committee considers the deductibility of compensation for federal income tax purposes in the design of the Company s compensation programs. We believe that all of the incentive compensation paid to our NEOs for fiscal year 2009 qualifies as performance-based compensation and thus, is fully deductible by the Company for federal income tax purposes. While we generally seek to ensure the deductibility of the incentive compensation paid to our NEOs, the Compensation Committee intends to retain the flexibility necessary to provide cash and equity compensation in line with competitive practice, our compensation philosophy, and the best interest of our shareholders even if these amounts are not fully tax deductible. The employment agreements between the Company and its NEOs provide for interpretation, operation and administration consistent with the intent of Section 409A of the Internal Revenue Code, to the extent applicable.

Compensation Committee Interlocks and Insider Participation

The Company s Compensation Committee consists of Mr. Adams (Chairman), Mr. Readdy and Mr. Oliva. Mr. Barry A. Williamson served as Chairman of the Compensation Committee until February 2009. Mr. Adams is President and Chief Executive Officer of Advocate MD Financial Group, Inc. (Advocate). Mr. Pickens serves on the Board of Directors of Advocate; however, Mr. Pickens is not a member of the Compensation Committee of Advocate.

Compensation Committee Report

Astrotech s Compensation Committee met in October 2009 and has reviewed and discussed with management the Compensation Discussion and Analysis required by item 402(b) of Regulation S-K and, based on such review and discussion, has recommended to the Board of Directors that such Compensation Discussion and Analysis be included in Form 10-K for fiscal year ended June 30, 2009.

Mark Adams
John A. Oliva
William F. Readdy

Executive Compensation

The Summary Compensation Table provides compensation information about Astrotech s principal executive officer, principal financial officer and the other most highly compensated executive officers.

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)[1]	Stock Awards($)[2]	Option Awards ($)[3]	All Other Compensation ($)[4]	Total ($)
Thomas B. Pickens, III;	2009	360,000	200,000	847,500		11,974	1,419,474
Chief Executive Officer	2008	360,000	350,000	495,000	15,440	10,070	1,230,510
John M. Porter [5];	2009	142,500	100,000	339,000	30,040	7,378	618,918
Chief Finance Officer	2008						
James D. Royston;	2009	210,000				813	210,813
President	2008	180,000		90,000	11,580	810	282,390
Lance W. Lord[6];	2009	225,000				703	225,703
Chief Executive Officer, Astrotech Space Operations	2008	13,462		22,500	13,510		49,472
Brian K. Harrington [7];	2009	207,692				85,556	293,248
Former Chief Financial Officer	2008	225,000		67,500	7,720	11,280	311,500
Don M. White[8];	2009	184,765	92,383	84,750	14,160	9,879	385,937
Sr. VP, GM of Astrotech Space Operations	2008	147,200			1,374	8,022	156,596

(1) See narrative on *Short-term Cash Incentives*: Bonus was awarded in August 2009, for performance in fiscal year 2009.

(2) See narrative on *Long-term Incentive Non-cash Awards*:

Includes restricted stock granted on August 19, 2009 of 750,000 shares to Mr. Pickens, 300,000 shares to Mr. Porter and 75,000 shares to Mr. White.

(3) Option awards are valued using a Black-Scholes option pricing model at the grant date.

(4) See *Schedule of All Other Compensation* that follows for further detail.

(5) Mr. Porter began employment with Astrotech in October 2008. On an annualized basis, his annual salary was $195,000 in fiscal 2009.

(6) Mr. Lord was appointed Chief Executive Officer of Astrotech Space Operations in June 2008. Prior to that time, Mr. Lord was a member of the Board of Directors.

(7) Mr. Harrington resigned in June 2009. Included in the All Other Compensation is 401(k) matching contributions, supplemental insurance, and benefits provided by his employment agreement, including base salary through his last day of employment, accrued but unpaid vacation, the initial severance payment, reimbursement of attorneys fees, reimbursement of the COBRA expenses and consulting fees.

Schedule of All Other Compensation for Fiscal Year 2009

Named Executive Officer	401(K) Plan Company Matching Contributions ($)	Supplemental Disability Insurance Premium ($)	Severance Payments ($)	Total ($)
Thomas B. Pickens, III	10,520	1,454		11,974
John M. Porter	6,863	515		7,378
James D. Royston		813		813
Lance W. Lord		703		703
Don M. White	9,141	738		9,879
Brian K. Harrington[1]	12,962	909	71,685	85,556

(1) Resigned as Senior Vice President and Chief Financial

Officer in June 2009. Included in the All Other Compensation is 401(k) matching contributions, supplemental insurance, and benefits provided by his employment agreement, including base salary through his last day of employment, accrued but unpaid vacation, the initial severance payment, reimbursement of attorneys fees, reimbursement of the COBRA expenses and consulting fees.

Fiscal Year 2009 Grants of Plan-Based Awards

The following table shows additional information regarding: (i) the target and presumed maximum level of annual cash incentive awards for the Company s executive officers for performance during fiscal year 2010, as established by the Compensation Committee in August 2009 under the Company s Key Employee Incentive Bonus Plan; and (ii) stock option awards granted in August 2009 that were awarded to help retain the NEOs and focus their attention on building Shareholder value. The actual amount of the annual cash incentive award received by each NEO for performance during fiscal year 2009 is shown in the Fiscal Year 2009 Summary Compensation Table.

	Estimated Future Payouts Under Non-Equity Incentive Plan Awards		All Other Stock Awards: Number of Shares Restricted Stock	All Other Option Awards: Number of Securities Underlying		Grant Date Fair Value of Stock and Option	Grant Date of Restricted
Name	Target ($)[1]	Maximum ($)[1]	Stock (#)[3]	Options[2]	Exercise Price	Awards($)	Stock
Thomas B. Pickens, III	114,000	190,000	750,000				August 19, 2009
John M. Porter	75,000	125,000	300,000	100,000	$ 0.35	30,040	August 19, 2009
James D. Royston	63,000	105,000					
Lance W. Lord	72,000	120,000					
Don M. White	60,141	100,235	75,000				August 19, 2009
Brian K. Harrington[4]							

(1) Estimated bonus for Mr. Pickens, Mr. Porter, Mr. Roystn, Mr. Lord and Mr. White are computed at a maximum of 50% of base salary. Estimated target bonus percentage is 30% of base

salary.

(2) Stock options granted to Mr. Porter on his date of hire.

(3) Represents restricted stock awards made to Mr. Pickens, Mr. Porter and Mr. White made on August 19, 2009.

(4) Brian K. Harrington resigned as Senior Vice President, Chief Financial Officer, Secretary and Treasurer in June 2009. Mr. Harrington did not receive equity grants in fiscal 2009 and is not eligible for future non-equity incentive awards.

Employment Agreements

The Company has entered into employments agreements with Mr. Pickens, Mr. Royston, Mr. Lord and Mr. White. Mr. Harrington had an employment agreement at the time of his resignation. Each employment agreement sets forth, among other things, the NEO s minimum base salary, bonus opportunities and provisions with respect to certain payments and other benefits upon termination of employment under certain circumstances such as without Cause, leaving employment for Good Reason or a Change in Control. Please see Potential Payments Upon Termination or Change in Control for a description of such provisions.

The minimum base salary set in the employment agreement for Mr. Pickens is $360,000, Mr. Lord is $175,000, Mr. Royston is $210,000 and for Mr. White is $184,765. Mr. Harrington was paid his salary pro rata through the date of his resignation to June 30, 2009.

The NEOs participate in the Key Employee Incentive Bonus Plan in accordance with the terms of the plan which includes all employees of the Director Level and above. In acco