ASTROTECH Corp \WA\
Form PRER14A
March 09, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(Amendment No. 1)
(Rule 14a-101)
Schedule 14A Information
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:

þ Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
o Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

Astrotech Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

þ o No fee required
Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:

2. Aggregate number of securities to which transaction applies:

3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4. Proposed maximum aggregate value of transaction:

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1. Amount Previously Paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

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NOTICE OF 2010 ANNUAL MEETING OF SHAREHOLDERS

February 28, 2011

To the Shareholders of Astrotech Corporation:

You are cordially invited to attend the Annual Meeting of Shareholders for Astrotech Corporation (the Company or Astrotech) to be held at 401 Congress Ave, Suite 1650, Austin, TX 78701 on April 20, 2011, at 9:00 a.m. (Central time). Information about the meeting, the nominees for directors, and the proposals to be considered are presented in this Notice of Annual Meeting and the proxy statement on the following pages. At the meeting, you will be asked to consider and vote on the following matters:

(i) to elect six directors to the Company s Board of Directors;

(ii) to ratify the appointment of Ernst & Young as independent auditors for the Company;

(iii) to approve the Astrotech Corporation 2011 Stock Incentive Plan;

(iv) to approve reincorporation from Washington state to Delaware; and

(v) to transact any other business properly brought before the meeting.

The Board of Directors has approved these proposals and the Company urges you to vote in favor of these proposals and such other matters as may be submitted to you for a vote at the meeting. The Board of Directors has fixed the close of business on February 22, 2011 as the record date for determining shareholders entitled to notice of, and to vote at, the Annual Meeting.

This proxy statement and accompanying proxy card are being mailed to our shareholders along with the Company s Annual Report on Form 10-K. Voting can be completed by returning the proxy card, through the telephone at 1-866-390-5376 or online at www.proxypush.com/ASTC. Further detail can be found on the proxy card and in the Voting of Proxies section included below. Please refer to the Company s Form 10-K filed on August 30, 2010, which has been incorporated herein by reference, for the Company s officer and director compensation information, including the Company s compensation discussion and analysis.

Important notice regarding the availability of proxy materials of the shareholder meeting to be held on April 20, 2011: the proxy statement and Form 10-K are available at www.proxydocs.com/ASTC.

Thank you for your assistance in voting your shares promptly.

By Order of the Board of Directors,

John M. Porter
Senior Vice President
Chief Financial Officer
and Secretary

YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU INTEND TO BE PRESENT AT THE MEETING, PLEASE MARK, SIGN, AND DATE THE ENCLOSED PROXY AND RETURN IT IN THE ENCLOSED ENVELOPE TO ASSURE THAT YOUR SHARES ARE REPRESENTED AT THE MEETING. IF YOU ATTEND THE MEETING, YOU MAY VOTE IN PERSON IF YOU WISH TO DO SO, EVEN IF YOU HAVE PREVIOUSLY SUBMITTED YOUR PROXY.

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PROXY STATEMENT

GENERAL INFORMATION

This proxy statement is furnished in connection with the solicitation by the Board of Directors of Astrotech Corporation, (the Company or Astrotech) a Washington corporation, of proxies to be voted at the Annual Meeting of Shareholders to be held on April 20, 2011 at 9:00 a.m. (Central time) at 401 Congress Ave, Suite 1650, Austin, Texas 78701 (the Annual Meeting). This proxy statement, the accompanying proxy card, and the 2010 Form 10-K are being distributed to shareholders on or about March 10, 2011.

At the meeting you will be asked to consider and vote on the following matters:

(i) to elect six directors to the Company s Board of Directors;

(ii) to ratify the appointment of Ernst & Young as independent auditors for the Company;

(iii) to approve the Astrotech Corporation 2011 Stock Incentive Plan;

(iv) to approve reincorporation from Washington state to Delaware; and

(v) to transact any other business properly brought before the meeting.

Internet Availability of Proxy Materials

In addition to mailing paper copies of the Company s proxy statement and annual report on Form 10-K, Astrotech is making these materials available to its shareholders via the Internet. The proxy statement and annual report on Form 10-K are available free of charge for viewing or printing at www.proxydocs.com/ASTC.

Record Date and Voting Securities

The Board of Directors has fixed the close of business on February 22, 2011 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting. As of the record date, there were 19,346,138 outstanding shares of Astrotech s common stock, no par value per share. Holders of common stock and restricted stock with voting rights, totaling 19,346,138 shares, are entitled to notice of the Annual Meeting and to one vote per share of common stock owned and restricted stock with voting rights granted as of the record date at the Annual Meeting. No shareholder shall be allowed to cumulate votes.

Proxies

The Board of Directors is soliciting a proxy in the form accompanying this proxy statement for use at the Annual Meeting and will not vote the proxy at any other meeting. Mr. Thomas B. Pickens III, is the person named as proxy on the proxy card accompanying this proxy statement, and is who the Board of Directors has selected to serve in such capacity. Mr. Pickens is Chairman of the Board of Directors and Chief Executive Officer.

Revocation of Proxies

Each shareholder giving a proxy has the power to revoke it at any time before the shares represented by that proxy are voted. Revocation of a proxy is effective when the Secretary of the Company receives either (i) an instrument

revoking the proxy or (ii) a duly executed proxy bearing a later date. Additionally, a shareholder may change or revoke a previously executed proxy by voting in person at the Annual Meeting.

Voting of Proxies

Because many Astrotech shareholders are unable to attend the Annual Meeting, the Board of Directors solicits proxies to give each shareholder an opportunity to vote on all matters scheduled to come before the meeting as set forth in this proxy statement. Shareholders are urged to read carefully the material in this proxy statement and vote through one of the following methods:

1. Fully completing, signing, dating and timely mailing the proxy card;

2. Calling 1-866-390-5376 and following the instructions provided on the phone line; or

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3. Accessing the internet voting site at www.proxypush.com/ASTC and following the instructions provided on the website.

Please keep your proxy card with you when voting via the telephone or internet. All proxies voted by internet or telephone must be submitted by 5:00 p.m. (Eastern Time) on April 19, 2011 in order to be counted. Each proxy card that is (a) properly executed, (b) timely received by the Company before or at the Annual Meeting, and (c) not properly revoked by the shareholder pursuant to the instructions above, will be voted in accordance with the directions specified on the proxy and otherwise in accordance with the judgment of the persons designated therein as proxies. If no choice is specified and the proxy is properly signed and returned, the shares will be voted by the Board appointed proxy in accordance with the recommendations of the Board of Directors.

Dissenter s Rights of Appraisal

Under the Washington Business Corporation Act (the RCW), shareholders of the Company are or may be entitled to assert dissenter s rights as a result of the proposed Reincorporation. Shareholders who oppose the Reincorporation are or may be entitled to assert the right to receive payment for the value of their shares as set forth in Chapter 23B.13 of the RCW. A copy of this section is attached hereto as Appendix A to this Proxy Statement. These provisions are very technical in nature and should be carefully reviewed by any shareholder wishing to assert such rights.

Shareholders of the Company are or may be entitled to assert appraisal rights under the RCW as a result of the proposed Reincorporation. Shareholders who oppose the Reincorporation (Dissenting Shareholders) are or may be entitled to assert the right to receive payment for the value of their shares as set forth in Chapter 23B.13 of the RCW (the RCW Dissent Provisions).

A copy of Chapter 23B.13 is attached as Appendix A to this Proxy Statement. These provisions are very technical in nature and should be carefully reviewed by any shareholder wishing to assert such rights. Dissenting Shareholders who hold certificated shares of Common Stock must send their share stock certificates to the Company at Astrotech Corporation, 401 Congress Ave., Suite 1650, Austin, Texas 78701 (Telephone: (512) 485-9530, Fax: (512) 485-9531), Attention: Thomas B. Pickens III, Chairman and CEO.

Dissenting Shareholders who hold uncertificated shares of Common Stock should fax (Fax: (512) 485-9531) the form attached hereto as Appendix F to this Proxy Statement to the Company and have the shares deposited in the Company s brokerage account. Uncertificated shares will not be able to transfer their shares after the payment demand is received by the Company.

Attached as Appendix F to this Proxy Statement is the form for demanding payment and must be sent to the Company whether you hold certificated or uncertificated shares of Common Stock of the Company. The form must be received by the Company by 5:00 pm (Central Time) on April 19, 2011.

If the Company does not effect the proposed corporate action within sixty days after the date set for demanding payment and depositing share certificates, the Company shall return the deposited certificates and release any transfer restrictions imposed on uncertificated shares.

IF YOU FAIL TO COMPLY STRICTLY WITH THE PROCEDURES DESCRIBED ABOVE, YOU WILL LOSE YOUR APPRAISAL RIGHTS. CONSEQUENTLY, IF YOU WISH TO EXERCISE YOUR APPRAISAL RIGHTS, WE STRONGLY URGE YOU TO CONSULT A LEGAL ADVISOR BEFORE ATTEMPTING TO EXERCISE YOUR APPRAISAL RIGHTS.

Vote Required for Quorum

The holders of at least a majority of all issued and outstanding shares of common stock entitled to vote at the Annual Meeting, whether present in person or represented by proxy, will constitute a quorum.

Vote Required for Director Elections

The election of the six directors requires the vote of a plurality of the shares of common stock represented at the meeting. Abstentions will have no effect on the election of directors since only votes For or Against a nominee will be counted.

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Vote Required for Auditor Ratification and the 2011 Stock Plan

The vote of the majority of the outstanding shares of common stock, present (in person or by proxy) and entitled to vote at the meeting, is required to ratify the appointment of Ernst & Young as independent registered public accountants for the Company (Proposal 2) and to approve the 2011 Stock Incentive Plan (Proposal 3). **Abstentions will be the equivalent of an Against vote for Proposals 2 and 3.**

Vote Required for Delaware Reincorporation

The vote of sixty-six and two-thirds of the outstanding shares of common stock and entitled to vote is required to allow reincorporation of Astrotech from Washington state to Delaware. **Abstentions will be the equivalent of an Against vote for Proposal 4.**

Method of Tabulation and Broker Voting

One or more inspectors of election appointed for the meeting will tabulate the votes cast in person or by proxy at the Annual Meeting, and will determine whether or not a quorum is present. The inspectors of election will treat abstentions as shares that are present and entitled to vote for purposes of determining the presence of a quorum, and for purposes of determining the approval of any matter submitted to the shareholders for a vote.

Many of the Company s shares of common stock are held in street name, meaning that a depository, broker-dealer or other financial institution holds the shares in its name, but such shares are beneficially owned by another person. Generally, a street name holder must receive direction from the beneficial owner of the shares to vote on issues other than routine shareholder matters such as the ratification of auditors. If a broker indicates on a proxy that it does not have discretionary authority as to certain shares to vote on a particular matter, those shares will not be considered present and entitled to vote at the Annual Meeting for such matter. **For Proposal 1, only votes For or Against a nominee will be counted, so broker non-votes will have no effect on determinations of plurality for that proposal. Proposal 2 is considered a routine matter, so brokers will be able to vote uninstructed shares on that proposal. For Proposal 3, non-voted shares will not be considered present and entitled to vote and therefore will have the practical effect of reducing the number of affirmative votes required to achieve a majority vote by reducing the total number of shares from which a majority is calculated. For Proposal 4, broker non-votes will have the same practical effect as votes against the proposal, because the vote of sixty-six and two-thirds of all outstanding shares of common stock is required for that proposal to pass.**

Form 10-K

Shareholders may obtain, without charge, a copy of the Company s 2010 Annual Report on Form 10-K for the fiscal year ended June 30, 2010 as filed with the Securities and Exchange Commission (SEC) on August 30, 2010. For copies, please contact Investor Relations at the address of the Company s principal executive office: Astrotech Corporation, 401 Congress Ave, Suite 1650, Austin, Texas 78701. The Form 10-K is also available through the SEC s website at www.sec.gov, through the Company s website at www.astrotechcorp.com and at www.proxydocs.com/ASTC.

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GOVERNANCE OF ASTROTECH

The Company s business affairs are managed under the direction of our Board of Directors in accordance with the Washington Business Corporation Act and the Amended and Restated Articles of Incorporation and Bylaws of the Company. The role of the Board of Directors is to effectively govern the affairs of the Company for the benefit of the Company s shareholders and other constituencies and to ensure that Astrotech s activities are conducted in a responsible and ethical manner. The Board of Directors strives to ensure the success of the Company through the election and appointment of qualified management, which regularly keeps members of the Board of Directors informed regarding the Company s business and industry. The Board of Directors is committed to the maintenance of sound corporate governance principles.

The Company operates under corporate governance principles and practices that are reflected in a set of written Corporate Governance Policies which are available on the Company s website at www.astrotechcorp.com, For Investors. These include the following:

Code of Ethics and Business Conduct

Code of Ethics for Senior Financial Officers

Shareholder Communications with Directors Policy

Complaint and Reporting Procedures for Accounting and Auditing Matters

Audit Committee Charter

Compensation Committee Charter

Corporate Governance and Nominating Committee Charter

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 website 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 NASDAQ rules.

Code of Ethics for Senior Financial Officers

The Company s Code of Ethics for Senior Financial Officers applies to the Company s Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, and other designated senior financial professionals. The key principles of this Code include acting legally and ethically, promoting honest business conduct, and providing timely and meaningful financial disclosures to the Company s shareholders. The Code of Ethics for Senior Financial Professionals is available on the Company s website at www.astrotechcorp.com and is available to the Company s shareholders upon request. The Code of Ethics for Senior Financial Professionals meets the requirements of a Code of Ethics under SEC rules.

Shareholder Communications with Directors Policy

The Company s Shareholder Communications with Directors Policy provides a medium for shareholders to communicate with the Board of Directors. Under this policy, shareholders may communicate with the Board of Directors or specific Board members by sending a letter to Astrotech Corporation, Shareholder Communications with the Board of Directors, Attn: Secretary, 401 Congress Ave, Suite 1650, Austin, Texas 78701. Such communications should specify the intended recipient or recipients. All such communications, other than unsolicited commercial solicitations, will be forwarded to the appropriate director, or directors, for review.

Complaint and Reporting Procedures for Accounting and Auditing Matters

The Company s Complaint and Reporting Procedures for Accounting and Auditing Matters provide for the (i) receipt, retention, and treatment of complaints, reports, and concerns regarding accounting, internal accounting

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controls, or auditing matters and (ii) the confidential, anonymous submission of complaints, reports, and concerns by employees regarding questionable accounting or auditing matters. Complaints may be made to a toll-free independent Integrity Helpline telephone number and to a dedicated e-mail address. Complaints received are logged by the Company s external legal console, communicated to the Company s Audit Committee, and investigated under the direction of the Company s Audit Committee. In accordance with Section 806 of the Sarbanes-Oxley Act of 2002, these procedures prohibit the Company from taking adverse action against any person submitting a good faith complaint, report, or concern.

The Board of Directors Role in Risk Oversight

The Board of Directors strives to balance the risk and return ratio for all Astrotech stakeholders. In doing so, management maintains regular communication with the Board of Directors, both on a formal and informal basis. This includes conversations on the state of the business, the industry and the overall economic environment with Astrotech management during formal Board of Directors meetings, formal Committee meetings and in more frequent informal conversations. Additionally, the Board of Directors utilizes its Committees to consider specific topics which require further focus, skill sets and/or independence, such as the Audit Committee and the Compensation Committee.

Committees of the Board of Directors

During fiscal year 2010, 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 is required at the minimum to meet the independence requirements of the Nasdaq s Listing Rules. Additionally, the Board of Directors created an Executive Committee in July 2009, which consists of five current Board members.

The Corporate 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 of Directors, 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, each of 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 Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee was created by the Board of Directors. The Corporate Governance and Nominating Committee is comprised solely of independent directors that meet the requirements of NASDAQ and SEC rules and operates under a written charter adopted by the Corporate Governance and Nominating Committee and approved by the Board of Directors. 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 of Directors members and recommending director nominees for the next Annual Meeting of Shareholders. As of the end of fiscal year 2010 the Corporate Governance and Nominating Committee consisted of Mr. Adams (Chairman), Ms. Manning and Mr. Oliva. During fiscal year 2010, the Corporate Governance and Nominating Committee met once.

Director Nomination Process

Astrotech s six director nominees were approved by the Board of Directors in February 2011 after considering the recommendation of the Corporate Governance and Nominating Committee. The Company s Articles of

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Incorporation provide that, with respect to any vacancies or newly created directorships, the Board of Directors will nominate individuals who receive 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 of Directors. 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. Regarding the skills of the director candidate, the Corporate Governance and Nominating Committee considers individuals with industry and professional experience that complements the Company s goals and strategic direction. The Corporate Governance and Nominating Committee has established certain criteria it considers as guidelines in considering nominations 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 diversity of experience and background relative to the Board of Directors as a whole; and

the need for specific expertise on the Board of Directors.

The above criteria are not exhaustive and the Corporate Governance and Nominating Committee 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. In order to ensure that the Board of Directors 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 of Directors is a financial expert and a majority of the Board of Directors meet all applicable independence requirements, the Corporate Governance and Nominating Committee looks for how the candidate can adequately address his or her fiduciary requirement and contribute to building shareholder value. With regards to diversity, the Company does not have a formal policy for the consideration of diversity in Board of Director candidates, but Company practice has historically considered this in director nominees and the Company expects to continue to in future nomination and review processes.

Five of the six director nominees set forth in this Proxy Statement are current directors standing for re-election. Mr. Lance W. Lord resigned from the Board of Directors of Astrotech and as the Chief Executive Officer of Astrotech Space Operations in June 2010 and is not standing for re-election at the 2010 Annual Meeting. Daniel T. Russler, Jr. has been nominated to fill the vacancy created by Lance W. Lord s resignation.

For purposes of the 2011 Annual Meeting, the Governance and Nominating Committee will consider any nominations received by the Secretary from a shareholder of record on or before December 23, 2011 (the 120th calendar day before the one-year anniversary date of the release of these proxy materials to shareholders). Any such nomination must be made in writing, must be accompanied by all nominee information that is required under the federal securities laws and must include the nominee s written consent to be named in the Proxy Statement. The nominee must be willing to allow the Company to complete a background check. The nominating shareholder must submit their name and address, as well as that of the beneficial owner, if applicable, and the class and number of shares of Astrotech common

stock that are owned beneficially and of record by such shareholder and such beneficial owner. Finally, the nominating shareholder must discuss the nominee s qualifications to serve as a director.

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. 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

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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 2010, the Audit Committee consisted of Mr. Oliva (Chairman), Mr. Adams, and Ms. Manning. During fiscal year 2010, the Audit Committee met six times. The Board of Directors has determined that John A. Oliva and Mark Adams 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.

Audit Committee Pre-Approval Policy and Procedures

The Audit Committee is responsible for appointing, setting compensation for, and overseeing the work of Ernst & Young, the Company s independent registered public accountants. Audit Committee policy requires the pre-approval of all audit and permissible non-audit services to be provided by independent registered public accountants in order to assure that the provision of such services does not impair the auditors independence. The policy, as amended, provides for the general pre-approval of specific types of services and gives detailed guidance to management as to the specific audit, audit-related, and tax services that are eligible for general pre-approval. For both audit and non-audit pre-approvals, the Audit Committee will consider whether such services are consistent with applicable law and SEC rules and regulations concerning auditor independence.

The policy delegates to the Chairman of the Audit Committee the authority to grant certain specific pre-approvals; provided, however, that the Chairman of the Audit Committee is required to report the granting of any pre-approvals to the Audit Committee at its next regularly scheduled meeting. The policy prohibits the Audit Committee from delegating to management the Audit Committee s responsibility to pre-approve services performed by the independent registered public accountants.

Requests for pre-approval of services must be detailed as to the particular services proposed to be provided and are to be submitted by the CFO. Each request generally must include a detailed description of the type and scope of services, a proposed staffing plan, a budget of the proposed fees for such services, and a general timetable for the performance of such services.

The Report of the Audit Committee can be found in this proxy statement following the Proposal 2 description.

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, and the 1995 Directors Stock Option Plan in accordance with the terms and conditions set forth in those plans. As of the end of fiscal year 2010, the Compensation Committee consisted of Mr. Adams (Chairman), Mr. Readdy, and Mr. Oliva. During fiscal year 2010, the Compensation Committee met three times.

The report of the Compensation Committee is set forth in the Form 10-K filed with the SEC on August 30, 2010.

The Executive Committee

In July 2009, 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. Oliva, Mr. Adams, Mr. Readdy and Ms. Manning. Following its formation in July 2009, the Executive Committee met twice.

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Director Attendance at Annual Shareholders Meeting

The Board of Directors members are expected to attend the Annual Shareholders Meeting. All of the members of the Board of Directors who are standing for election attended last year s Annual Meeting of Shareholders held on March 5, 2010.

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 2010.

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PROPOSAL 1 ELECTION OF DIRECTORS

Upon the recommendation of the Corporate Governance and Nominating Committee, which is comprised entirely of independent directors, the Board of Directors has nominated Thomas B. Pickens III, Mark Adams, John A. Oliva, William F. Readdy, Sha-Chelle Manning and Daniel T. Russler, Jr. to the Board of Directors to serve as directors until the 2011 Annual Meeting of Shareholders. Each nominee has agreed to serve if elected.

All members of the Board of Directors are expected to be elected at the Annual Meeting. All directors shall hold office until the next Annual Meeting of Shareholders and until their successors are duly elected and qualified, or their earlier removal or resignation from office. 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 and until a successor is duly elected and qualified, or their earlier removal or resignation from office.

The Board of Directors has determined that five of the six director nominees (indicated by asterisk in the following Table of Information About Directors, Nominees and Executive Officers) have no relationship that, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and are independent directors as defined by Rule 5605(a)(2) of the NASDAQ s Listing Rules.

Not less than annually, the Board of Directors undertakes the review and approval of all related-party transactions. Related-party transactions include transactions valued at greater than $120,000 between the Company and any of the Company s executive officers, directors, nominees for director, holders of greater than 5% of Astrotech s shares and any of such parties immediate family members. The purpose of this review is to ensure that such transactions, if any, were approved in accordance with our Code of Ethics and Business Conduct and for the purpose of determining whether any of such transactions impacted the independence of such directors. There were no such transactions in fiscal year 2010. The Board has affirmatively determined that none of the independent directors is an officer or employee of the Company or any of Astrotech s subsidiaries and none of such persons have any relationships which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Ownership of a significant amount of our stock, by itself, does not constitute a material relationship.

The Board of Directors held twelve meetings during fiscal year ended June 30, 2010 and all directors attended at least 75% of the meetings of the Board of Directors and of the various committees on which they served during such period. The members of each committee and the chair of each committee are appointed annually by the Board of Directors.

Information about the number of shares of common stock beneficially owned by each director appears later in this proxy statement under the heading Security Ownership of Directors, Executive Officers and Principal Shareholders.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE **FOR** THE ELECTION OF THE FOLLOWING NOMINEES:

Thomas B. Pickens III
William F. Readdy
John A. Oliva
Sha-Chelle Manning
Mark Adams
Daniel T. Russler, Jr.

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INFORMATION ABOUT DIRECTORS, NOMINEES AND EXECUTIVE OFFICERS

The following table shows information as of January 1, 2011 regarding members of and nominees for the Company s Board of Directors:

Current & Nominee Directors	Principal Occupation	Age as of January 1, 2011	Director Since
Thomas B. Pickens III	Chairman and Chief Executive Officer of Astrotech Corporation	53	2004
Mark Adams*	Founder, President and CEO, Advocate MD Financial Group, Inc.	50	2007
John A. Oliva*	Managing Principal, Capital City Advisors, Inc.	54	2008
William F. Readdy*	Founder, Discovery Partners, International LLC	58	2008
Sha-Chelle Manning*	Managing Director, Nanoholdings LLC	43	2009
Daniel T. Russler, Jr.	Principal, Family Asset Management LLC	47	(1)

* Indicates an independent director

(1) Current nominee for election at the 2010 Annual Meeting

Current Directors Nominated for Re-election

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.

Mr. Pickens has served as a director since 2004 and became CEO in 2007. He brings a historical understanding of Astrotech and serves a key leadership role on the Board of Directors, providing the Board of Directors with in-depth knowledge on Astrotech s and the industry s challenges and opportunities. Mr. Pickens was intimately involved with the transformation of the Company from the legacy SPACEHAB business to the current core business of Astrotech Space Operations, including the conversion of over $50 million in debt to equity positions. Currently, Mr. Pickens communicates management s perspectives on company strategy, operations and financial results to the Board of Directors. Mr. Pickens has extensive senior management experience, as well as experience as a member of multiple corporate boards. Mr. Pickens also serves as Chairman of the Executive Committee.

Mr. Pickens previously served on the Board of Directors of Advocate MD Financial Group until his resignation in November 2009. Mark Adams, who is a director of Astrotech and a member of its Compensation Committee, is the founder and CEO of that company.

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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 which owns and operates Mama Fu s Asian House restaurants throughout the southeast United States. In 2008, Mr. Adams founded Small Business United, LLC, a non-profit organization that supports small businesses. Also in 2008, Mr. Adams co-founded ETMG (Employer s Trust Management Group), LLC. Additionally in 2008, Mr. Adams founded Sozo Global, LLC, a rapidly expanding, international network marketing functional beverage and nutritional products 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 management 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 Bostik s J.V. Company Nitta-Findley based in Osaka, Japan and later purchased a minority interest in Ward Adhesives, Inc. and served as General Manager, and Vice President of Sales and Marketing. Mr. Adams is also an advisory board member for the McCoy College of Business at Texas State University. Additionally, Mr. Adams has served as a director of Murphy Adams Restaurant Group, LLC, Ex-Pel, Inc., KLD Energy Technologies, Inc., Powerstations, LLC and Sundance, LLC. He has also served as chief executive officer of ETMG (Employers Test Management Group), LLC, Sozo Global, LLC, Viva Chocolate, LLC.

Mr. Adams brings to our Board a wide range of experience in business, with a particular focus on entrepreneurism. He has brought his diversity of thought to the Board of Directors since 2007, which positions him as the longest tenured director other than Mr. Pickens. As stated above, Mr. Adams serves as a director for several public and private companies, including Astrotech, providing the Board with expertise in management and corporate governance.
Mr. Adams serves as the Chairman of the Corporate Governance and Nominating Committee and the Compensation Committee and serves on the Audit Committee and Executive Committee. The Board of Directors has determined that Mr. Adams met the qualification guidelines as an audit committee financial expert as defined by the SEC rules.

John A. Oliva

John A. Oliva has 30 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 Southeastern Capital Partners BD Inc., a FINRA registered broker/dealer and independent investment banking and advisory firm. Since 2002, Southeast Capital Partners has provided financial advisory services, including mergers/acquisitions, underwriting and raising expansion capital to select mid-tier companies. In addition, Mr. Oliva is the Managing Partner of Capital City Advisors Inc., which provides private merchant banking services to clients in Europe and Asia.

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

Mr. Oliva has served on the Board of Directors since 2008 and provides expert advice to the Board of Directors on financial issues. Mr. Oliva plays a crucial role in risk management, providing advice and direction to management on a number of issues ranging from SEC filings, debt transactions and auditor independence. The Board of Directors has determined that Mr. Oliva met the qualification guidelines as an audit committee financial expert as defined by the SEC rules. Mr. Oliva is Chairman of the Audit Committee and serves on the Compensation Committee and the Governance and Nominating Committee.

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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. Retiring from the National Aeronautics and Space Administration (NASA) in September 2005, Mr. Readdy established Discovery Partners International LLC, a consulting firm providing strategic thinking and planning, risk management, safety and emerging technology solutions and decision support to aerospace and high-technology industries. Since its formation, Mr. Readdy has served as Managing Partner.

In addition, Mr. Readdy currently serves on the board of directors of American Pacific Corporation, a company that manufactures active pharmaceutical ingredients and registered intermediates, energetic products used primarily in space flight and defense systems, clean fire- extinguishing agents and water treatment equipment. Mr. Readdy is also chairman of GeoMetWatch, Inc., a startup company offering commercial satellite weather products.

In the late 1970s and early 1980s he served as a naval test pilot. Mr. Readdy joined 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 in 2000. Mr. Readdy logged more than 672 hours in space on three shuttle missions. In 1996 he commanded the space shuttle Atlantis on a docking mission to the Russian Mir space station.

In 2001, Mr. Readdy was appointed NASA s Associate Administrator for Space Operations responsible for NASA s major programs, several field centers and an annual budget approaching $7 billion. 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 Presidential Meritorious Rank Executive in 2003 and in 2005 was awarded NASA s highest honor, the Distinguished Service Medal for the second time. In addition to the Distinguished Flying Cross he is the recipient of numerous national and international aviation and space awards, and has been recognized for his contributions to aerospace safety.

Mr. Readdy brings to the Company tremendous background and experience with NASA, the U.S. Department of Defense and with the aerospace industry in general, which are primary focuses of the Company. He also brings to the Company an extensive knowledge of public policy, program management and contracting matters involving military, civil and commercial space programs.

Sha-Chelle Manning

Sha-Chelle Manning is a founding partner of Manti Technologies, a privately held advanced technology investment group.

From September 1, 2008 to April 30, 2010, Sha-Chelle Manning has been Managing Director for Nanoholdings LLC, a company that commercializes scientific breakthroughs in nanotechnology. 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 Vice President for Winstar Communications New Media.

Ms. Manning brings to our Board a wide range of experience in management and executive strategic consulting positions for companies focusing on high-technology solutions or services. Additionally, her interaction with local, state and federal governments throughout her career provides significant experience with government affairs, particularly in the State of Texas. Ms. Manning serves on the Corporate Governance and Nominating Committee, the Audit Committee and the Executive Committee.

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Current Nominee for Election as Director

Daniel T. Russler, Jr.

Daniel Russler has more than 20 years of capital markets, development, and entrepreneurial experiences, including an extensive background in sales and trading of a broad variety of equity, fixed income and private placement securities. Since 2003, Mr. Russler has been the Principal Partner of Family Asset Management, LLC, a multi-family office providing high net worth individuals and families with financial services. Mr. Russler has held portfolio and risk management positions at First Union Securities, Inc., J.C. Bradford & Co, William R. Hough & Co, New Japan Securities International and Bankers Trust Company. His background also includes experience in project and structured finance at U.S. Generating Company.

Mr. Russler received a master s in business administration from the Owen Graduate School of Management at Vanderbilt University and a bachelor s degree in english and political science from the University of North Carolina. He currently serves as the Senior Warden Emeritus at St. Philips Church and on its finance committee. Dan is also active in Charleston s youth sports programs.

Mr. Russler is the newest proposed addition to the Board of Directors and has extensive knowledge of finance, entrepreneurship, investment allocation and capital raising matters that the Board of Directors feels will add value to the shareholders. If elected, Mr. Russler s qualifications and background were deemed to meet the Company s requirements of an independent director by the Board of Directors in February 2011.

Director Independence and Financial Experts

The Corporate Governance and Nominating Committee, the Audit Committee and the Compensation Committee charters require that each member meet: (1) all applicable criteria defining independence that may be prescribed from time to time under Nasdaq Listing Rule 5605(a)(2), Rule 10A-(3) under the Securities Exchange Act of 1934, and other related rules and listing standards, (2) the criteria for a non-employee director within the meaning of Rule 16b-3 promulgated by the SEC under the Securities Exchange Act of 1934, and (3) the criteria for an outside director within the meaning of Section 162(m)(4)(C) of the Internal Revenue Code.

The Company s Board of Directors also annually makes an affirmative determination that all such independence standards have been and continue to be met by the independent directors and members of each of the three committees, that each director qualifying as independent is neither an officer nor an employee of Astrotech or any of its subsidiaries nor an individual that has any relationship with Astrotech or any of its subsidiaries, or with management (either directly or as a partner, shareholder or officer of an entity that has such a relationship) which, in the Board of Director s opinion, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In addition, a director is presumptively considered not independent if:

The director, at any time within the past three years, was employed by Astrotech or any of its subsidiaries;

The director or a family member received payments from Astrotech or any of its subsidiaries in excess of $120,000 during any period of twelve consecutive months within the preceding three years (other than for Board or Committee service, form investments in the Company s securities or from certain other qualifying exceptions);

The director is, or has a family member who is a partner in, an executive officer or controlling shareholder of any entity to which Astrotech made to or received from payments for property or services in the current or in any of the prior three years that exceed 5% of the recipient s consolidated gross revenues for that year, or

$200,000, whichever is more (other than, with other minor exceptions, payments arising solely from investments in the Company s securities);

The director is a family member of a person who is, or at any time during the three prior years was employed as an executive officer by Astrotech or any of its subsidiaries;

The director is, or has a family member who is employed as an executive officer of another entity where at any time within the prior three years any of Astrotech s officers served on the compensation committee of the other entity; or

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The director is, or has a family member who is a current partner of Astrotech Corporation s independent auditing firm, or was a partner or employee of that firm who worked on the Company s audit at any time during the prior three years.

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

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

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 as of Jan 1, 2011	With Company Since
John M. Porter	Senior Vice President, Chief Financial Officer and Secretary	38	2008
Don M. White	Senior Vice President, GM of Astrotech Space Operations	47	2005

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 are 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.

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.

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.

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SECURITY OWNERSHIP OF DIRECTORS, EXECUTIVE OFFICERS AND PRINCIPAL SHAREHOLDERS

The following table sets forth as of February 15, 2011, certain information regarding the beneficial ownership of the Company s outstanding common stock held by (i) each person known by the Company to be a beneficial owner of more than five percent of any outstanding class of the Company s capital stock, (ii) each of the Company s directors, (iii) the Company s Chief Executive Officer and four most highly compensated executive officers at the end of the Company s last completed fiscal year, and (iv) all directors and executive officers of the Company as a group. Unless otherwise described below, each of the persons listed in the table below has sole voting and investment power with respect to the shares indicated as beneficially owned by such party.

Name and Address of Beneficial Owners	Amount and Nature of Beneficial Ownership #	Shares Subject to Options ($)	Total($)	Percentage of Class[1]
Certain Beneficial Owners				
SMH Capital Advisors, Inc.[2]	2,600,745		2,600,745	13.4%
Bruce & Co., Inc.[3]	1,070,073		1,070,073	5.5%
Astrium GmbH[4]	1,099,245		1,099,245	5.7%
Non-Employee Directors:				
Mark Adams[5]	685,000	25,500	708,500	3.7%
John A. Oliva[6]	170,000	22,500	192,500	1.0%
William F. Readdy[7]	150,000	22,500	172,500	*
Sha-Chelle Devlin Manning[8]	135,000		135,000	*
Named Executive Officers:				
Thomas B. Pickens III[9]	1,950,000	2,000	1,952,000	10.1%
John M. Porter[10]	300,000	100,000	400,000	2.1%
Don M. White[11]	85,900	26,200	112,100	*
All Directors and Named Executive Officers as a Group (7 persons)	3,667,000	358,200	4,025,200	21.1%

* Indicates beneficial ownership of less than 1% of the outstanding shares of common stock.

\# Includes unvested restricted stock grants.

(1) Calculated pursuant to Rule 13d-3(d) of the Securities Exchange Act of 1934. Under Rule 13d-3(d), shares not outstanding which are subject to options, warrants, rights or conversion privileges exercisable within 60 days are deemed outstanding for the purpose of calculating the number and percentage owned by a person, but not deemed outstanding for the purpose of calculating the number and percentage owned by any other person listed. As of February 15, 2011, we had 19,337,388 shares of common stock outstanding.

(2) Held by SMH Capital Advisors, Inc. in discretionary accounts for the benefit of its clients. This holder s address is 4800 Overton Plaza, Suite 300, Ft. Worth, Texas 76109. Includes information from Form 13D filed by SMH Capital Advisors, Inc. on February 1, 2010.

(3) Bruce & Co., Inc., is the investment manager for Bruce Fund, Inc., a Maryland registered investment company with its principle business conducted at 20 North Wacker Dr., Suite 2414, Chicago, IL 60606.

(4) Astrium GmbH s address is Hünefeldstraße 1-5, Postfach 105909, D-28361 Bremen, Germany.

(5) Includes 106,666 shares of unvested restricted stock.

(6) Includes 96,666 shares of unvested restricted stock.

(7) Includes 73,333 shares of unvested restricted stock.

(8) Includes 73,333 shares of unvested restricted stock.

(9) Includes 500,000 shares of unvested restricted stock. Also includes 1,000,000 shares of commons stock pledged as collateral in connection with a personal loan.

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(10) Includes 200,000 shares of unvested restricted stock. Also includes 100,000 shares of common stock pledged as collateral in connection with a personal loan.

(11) Includes 50,000 shares of unvested restricted stock.

PROPOSAL 2 APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

On November 18, 2010, the Astrotech Audit Committee engaged Ernst & Young, LLP as independent public accountant for the fiscal year ending June 30, 2011 and dismissed the prior auditor, PMB Helin Donovan, LLP. The dismissal of PMB Helin Donovan, LLP was not the result of disagreements with the Company. More information on this transition can be found on our SEC Form 8-K filed on November 22, 2010, including a letter from PMB Helin Donovan, LLP to the SEC stating that it concurs with the statements made by the Company with respect to PMB Helin Donovan, LLP in the above mentioned 8-K.

With regards to this proposal, the Board of Directors is requesting the shareholders to ratify the appointment of Ernst & Young, LLP as independent accountant for the fiscal year ending June 30, 2011. Ratification requires the affirmative vote of a majority of the shares of common stock present at the Annual Meeting in person or by proxy and entitled to vote on the matter.

Ratification Requirements and Governance

There is no requirement that the Company submit the appointment of independent registered public accountants to shareholders for ratification or for the appointed auditors to be terminated if the ratification fails, but Astrotech believes that it is sound corporate governance to submit the matter to shareholder vote. The Sarbanes-Oxley Act of 2002 states the Audit Committee is solely responsible for the appointment, compensation and oversight of the independent auditor. As such, the Audit Committee may consider the appointment of other independent registered public accountants if the shareholders choose not to ratify the appointment of Ernst & Young, LLP. Additionally, the Audit Committee may terminate the appointment of Ernst & Young, LLP as the Company s independent registered public accountants without the approval of the shareholders whenever the Audit Committee deems such termination appropriate.

Independence

In making its recommendation to ratify the appointment of Ernst & Young, LLP as the Company s independent registered public accountants for the fiscal year ending June 30, 2011, the Audit Committee has considered whether the provision of non-audit services by Ernst & Young, LLP is compatible with maintaining the independence of Ernst & Young, LLP. During fiscal year 2010, Ernst & Young, LLP did not provide any non-audit services to Astrotech.

Annual Meeting Representation

Representatives of Ernst & Young, LLP are expected to be present at the Annual Meeting and will have the opportunity to make a statement if they desire to do so. They are also expected to be available to respond to appropriate questions from the shareholders present.

Audit Committee Pre-Approval Policy

It is the practice of the Audit Committee to pre-approve services, audit and non-audit, to be performed by the Company s current and former auditors. The Audit Committee will consider the scope and reasoning of the potential engagement, the amount of fees to be earned and whether they consider the engagement to be a possible impairment to independence.

Audit Fees

The Company did not pay audit fees to Ernst & Young, LLP during 2010 or 2009. The aggregate fees billed for each of the last two fiscal years for professional services rendered by PMB Helin Donovan, LLP, the prior auditors, for the audit of the Company s annual financials and review of financials contained in the Company s quarterly reports were $169,000 for fiscal year ended June 30, 2010 and $161,000 for fiscal year ended June 30, 2009.

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Audit-Related Fees

There were no audit-related fees billed by or to be billed by Ernst & Young, LLP or PMB Helin Donvan, LLP for fiscal years ended June 30, 2010 or 2009.

Tax Fees

Neither Ernst & Young, LLP nor PMB Helin Donovan, LLP provided tax related services to the Company during fiscal years 2010 and 2009.

All Other Fees

There were no other fees paid to Ernst & Young, LLP during fiscal years 2010 or 2009. The Company paid PMB Helin Donovan, LLP $9,000 for audit of the Astrotech 401k plan, $18,000 for completing additional auditing procedures during the review of strategic alternatives and $4,000 for transitional support during fiscal year 2010.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE **FOR** THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG, LLP AS INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS OF THE COMPANY FOR THE FISCAL YEAR ENDING JUNE 30, 2011

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Report of the Audit Committee

The Board of Directors has established an Audit Committee of independent directors which operates under a written charter adopted by the Board of Directors. The charter was amended and restated in May 2004. Astrotech s management is responsible for establishing a system of internal controls and for preparing the Company s consolidated financial statements in accordance with generally accepted accounting principles. Astrotech s independent accountants are responsible for auditing the Company s consolidated financial statements in accordance with standards of the Public Company Accounting Oversight Board (United States) and issuing their report based on that audit. Under the Audit Committee s charter, the primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities as to (i) the integrity of the Company s financial statements, (ii) the Company s compliance with legal and regulatory requirements and the Company s Code of Business Conduct and Ethics, (iii) the independent registered public accountants qualifications and independence, and (iv) the performance of the independent registered public accountants. The Audit Committee is also directly responsible for selecting and evaluating the independent registered public accountants; reviewing, with the independent registered public accountants, the plans and scope of the audit engagement; and reviewing with the independent registered public accountants their objectivity and independence.

The members of the Audit Committee are not professional accountants or auditors and, in performing their oversight role, rely without independent verification on the information and representations provided to them by management and Astrotech s independent accountants. Accordingly, the Audit Committee s oversight does not provide an independent basis to certify that the audit of the Company s financial statements has been carried out in accordance with generally accepted auditing standards, that the financial statements are presented in accordance with accounting principles generally accepted in the United States, or that Astrotech s independent accountants are in fact independent for fiscal year 2010. The Board of Directors has determined that for fiscal year 2010, Mr. John A. Oliva and Mr. Mark Adams were audit committee financial experts and such persons are independent as defined under the federal securities laws.

In connection with the preparation of the audited financial statements included in Astrotech s Annual Report on Form 10-K for the year ended June 30, 2010:

> The Audit Committee reviewed and discussed the audited financial statements with the independent registered public accountants and management.
>
> The Audit Committee discussed with the independent registered public accountants the matters required to be discussed by Statement on Auditing Standards No. 61, Communications with Audit Committees, as amended. In general, these auditing standards require the auditors to communicate to the Audit Committee certain matters that are incidental to the audit, such as any initiation of, or changes to, significant accounting policies, management judgments, accounting estimates, and audit adjustments; disagreements with management; and the auditors judgment about the quality of the Company s accounting principles.
>
> The Audit Committee received from the independent registered public accountants written disclosures and the letter regarding their independence required by Independence Standards Board Standard No. 1 Independence Discussions with Audit Committees as adopted by the Public Company Accounting Oversight Board in Rule 3600T, and discussed with the auditors their independence. In general, Independence Standards Board Standard No. 1 requires the auditors to disclose to the Audit Committee any relationship between the auditors and its related entities and Astrotech that in the auditors professional judgment may reasonably be thought to bear on independence. The Audit Committee also

considered whether the independent registered public accountants provision of non-audit services to Astrotech was compatible with maintaining their independence.

Based on the review and discussions noted above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements for the year ended June 30, 2010 be included in Astrotech s Annual Report on Form 10-K filed with the SEC.

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This report is submitted by the members of the Audit Committee of the Board of Directors:

John A. Oliva (Chairman)
Mark Adams
Sha-Chelle Manning

August 26, 2010

The foregoing Audit Committee Report shall not be deemed to be incorporated by reference in any previous or future documents filed by the Company with the Securities and Exchange Commission under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates the report by reference in any such document.

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PROPOSAL 3 APPROVAL OF THE ASTROTECH CORPORATION 2011 STOCK INCENTIVE PLAN

The Board of Directors, the Compensation Committee and Astrotech management believe that the use of stock based compensation aligns the long-term interests of management and shareholders by providing incentives to employees who foster the innovation and entrepreneurial spirit which drives our business strategy and our execution.

The 2011 Plan, and all other Company stock based compensation plans, are designed to increase shareholder value by compensating employees over the long term. The plans are used to promote long-term financial success and execution of our business strategy. It is the goal of the Company to attract and retain highly skilled leaders and technical employees, and the use of stock based compensation by the Board of Directors is a critical tool for attracting, motivating and retaining such key employees and directors. As such, the Board of Directors approved the Company s 2011 Stock Incentive Plan (the 2011 Plan) in February 2011. The shareholders are being asked to approve and ratify the adoption of the 2011 Plan, which would result in the following benefits for Astrotech:

Allow the Board of Directors to compensate employees with awards that do not require use of Company cash;

Attract, motivate and retain top talent to manage the Company; and

Allow the Company to continue to make awards which are deductible under Section 162(m) of the Internal Revenue Code.

Upon approval, the Compensation Committee will be given the right to award grants at any time following the plan effective date of April 20, 2011 without further approval from the shareholders, including the granting of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock, restricted stock units, performance awards payable in cash or common stock, and other incentive awards, some of which may require the satisfaction of performance-based criteria. The Board of Directors expects the 2011 Plan to be used over the next three to five years. The Company has not granted Astrotech stock based compensation to employees since November 2009.

The 2011 Plan is in addition to the Company s existing stock option plans. See the Company s For 10-K filed with the SEC on August 30, 2010 for additional information.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE **FOR** THE ASTROTECH CORPORATION 2011 STOCK INCENTIVE PLAN

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DESCRIPTION OF THE 2011 ASTROTECH CORPORATION STOCK INCENTIVE PLAN

This section summarizes the material terms of the 2011 Plan. For additional details regarding the 2011 Plan you should refer to the full text of the 2011 Plan, a copy of which is attached to this proxy statement as Appendix B. This summary is qualified in its entirety by reference to the 2011 Plan.

Administration. The 2011 Plan is administered by the Compensation Committee of the Board of Directors (***Committee***). Members of the Committee must qualify as outside directors under Section 162(m) of the Internal Revenue Code of 1986 and as non-employee directors under Rule 16b-3 promulgated under the Securities Exchange Act of 1934. Subject to the terms of the 2011 Plan, the Committee has the power to select the persons eligible to receive awards under the 2011 Plan, the type and amount of incentive awards to be awarded, and the terms and conditions of such awards. The Committee may delegate its authority under the 2011 Plan described in the preceding sentence to officers of the Company, but may not delegate its authority to grant awards under the 2011 Plan or take any action in contravention of Rule 16b-3 promulgated under the Securities Exchange Act of 1934 or the performance-based compensation exception under Section 162(m) of the Internal Revenue Code. The Committee also has the authority to interpret the 2011 Plan, and to establish, amend or waive rules necessary or appropriate for the administration of the 2011 Plan.

Eligibility. Any employee or consultant of the Company (or its subsidiary) or a director of the Company who, in the opinion of the Committee, is in a position to contribute to the growth, development or financial success of the Company, is eligible to participate in the 2011 Plan. In any calendar year, no covered employee described in Section 162(m) of the Internal Revenue Code may be granted (in the case of stock options and stock appreciation rights), or have vest (in the case of restricted stock or other stock-based awards), awards relating to more than 800,000 shares of common stock, and the maximum aggregate cash payout with respect to incentive awards paid in cash to such covered employees may not exceed $5,000,000. Astrotech has not granted stock based compensation to employees, directors or NEO s since November 2009. As of the date of this proxy, no allocations of future awards have been made or considered by the Compensation Committee.

Shares Subject to the 2011 Plan. The maximum number of shares of the Company s common stock, no par value, that may be delivered pursuant to awards granted under the 2011 Plan is 1,750,000 shares of common stock. Any shares subject to an award under the 2011 Plan that are forfeited or terminated, expire unexercised, lapse or are otherwise cancelled in a manner such that the shares of common stock covered by such award are not issued may again be used for awards under the 2011 Plan. A maximum of 875,000 shares of common stock may be issued upon exercise of incentive stock options. The maximum number of shares deliverable pursuant to awards granted under the 2011 Plan is subject to adjustment by the Committee in the event of certain dilutive changes in the number of outstanding shares. Under the 2011 Plan, the Company may issue authorized but unissued shares, treasury shares, or shares purchased by the Company on the open market or otherwise. In addition, the number of shares of common stock available for future awards is reduced by the net number of shares issued pursuant to an award.

Limited Transferability of Awards. Awards granted under the 2011 Plan may not be sold, transferred, pledged or assigned, except by will or the laws of descent and distribution or a qualified domestic relations order. However, the Committee may, in its discretion, authorize in the applicable award agreement the transfer, without consideration, of all or a portion of a nonstatutory stock option for the benefit of immediate family members.

Amendment of the 2011 Plan. The Board of Directors has the power and authority to terminate or amend the 2011 Plan at any time; provided, however, the Board may not, without the approval of shareholders:

other than as a result of a dilutive event, increase the maximum number of shares which may be issued under the 2011 Plan;

amend the requirements as to the class of employees eligible to receive common stock under the 2011 Plan;

extend the term of the 2011 Plan;

increase the maximum limits on awards to covered employees as set for compliance with Section 162(m) of the Internal Revenue Code; or

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decrease the authority granted to the Committee under the 2011 Plan in contravention of Rule 16b-3 under the Securities Exchange Act of 1934.

In addition, to the extent that the Committee determines that the listing requirements of any national securities exchange or quotation system on which the Company s common stock is then listed or quoted, or the Internal Revenue Code or regulations promulgated thereunder, require Shareholder approval in order to maintain compliance with such listing requirements or to maintain any favorable tax advantages, the 2011 Plan will not be amended without approval of the Company s Shareholders. No amendment to the 2011 Plan may adversely affect, in any material way, any rights of a holder of an outstanding award under the 2011 Plan without such holder s consent.

Change in Control. Unless provided otherwise in the applicable award agreement, in the event of a change in control, all outstanding awards shall become 100% vested, free of all restrictions, immediately and fully exercisable, and deemed earned in full and payable as of the day immediately preceding the change in control. A change in control generally means the occurrence of any one or more of the following events:

The acquisition by any individual, entity or group of beneficial ownership of 50% or more of the Company s common stock or combined voting power;

Individuals who constitute the Board of Directors of the Company as of the effective date of the 2011 Plan, or successors to such members approved by the then Board of Directors, cease for any reason to constitute at least a majority of the Board of Directors;

Approval by the Shareholders of the Company of a merger or the sale or other disposition of all or substantially all of the assets of the Company; or

The adoption of any plan or proposal for the liquidation or dissolution of the Company.

Award Agreements and Term. All awards under the 2011 Plan will be authorized by the Committee and evidenced by an award agreement setting forth the type of incentive being granted, the vesting schedule, and other terms and conditions of exercisability. No stock options may be exercisable for more than ten years from the date of grant, or, in the case of an incentive stock option granted to an employee who owns or is deemed to own more than ten percent of the Company s common stock, five years from the date of grant. In no event may awards be granted after the expiration of ten years from the effective date of the 2011 Plan.

Stock Options. A grant of a stock option entitles a participant to purchase from the Company a specified number of shares of common stock at a specified price per share. In the discretion of the Committee, stock options may be granted as non-statutory stock options or incentive stock options, but incentive stock options may only be granted to employees. The exercise price of each stock option is set by the Committee, but all stock options granted under the 2011 Plan must have an exercise price that is equal to or greater than 100% of the market value as of the grant date of the shares covered by the option (except as described in this paragraph). The 2011 Plan does not allow discounted stock options. Thus, an individual would be able to profit from an option only if the fair market value of the Company s common stock increases after the option is granted and vests. An exception may be made only for options that the Company grants to substitute for options held by employees of companies that the Company acquires, in which case the exercise price preserves the economic value of the employee s cancelled stock option from his or her former employer.

An option cannot be exercised until it vests. The Committee establishes the vesting schedule at the time the option is granted. Vesting typically requires continued employment or service by the participant for a period of years. A vested

option may be exercised only before it expires. In general, options expire ten years after grant date.

The aggregate fair market value of the common stock with respect to which incentive stock options become first exercisable by any participant during any calendar year cannot exceed $100,000. The purchase price per share of common stock which may be purchased under an incentive stock option must be at least equal to the fair market value of the Company s common stock as of the grant date or, if the incentive stock option is granted to an employee who owns or is deemed to own more than 10% of the Company s common stock, 110% of the fair market value of the common stock on the grant date.

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The exercise price for shares of common stock acquired on exercise of a stock option must be made in full at the time of the exercise. Payment may be paid in cash, or, if approved by the Committee, delivery of shares of the Company s common stock that have been held by the optionee with a fair market value equal to the exercise price of the stock option, the withholding of shares that would otherwise be issuable upon exercise, participation in a broker-assisted cashless exercise arrangement, or payment of any other form of consideration acceptable to the Committee.

Stock Appreciation Rights (SARs). SARs are awards that are subject to vesting and payment of an exercise price, which provide a participant the right to receive an amount of money equal to (1) the number of shares exercised, (2) times the amount by which the then-current value of the Company s common stock exceeds the exercise price. The exercise price cannot be less than 100% of the fair market value of the common stock on the grant date. Thus, an individual would be able to profit from an SAR only if the fair market value of the Company s common stock increases after the SAR is granted and vests. Each SAR is subject to a vesting schedule established by the Committee and expires under the same rules that apply to options.

Restricted Stock. A grant of restricted stock is an award of shares of the Company s common stock subject to restrictions or limitations set forth in the 2011 Plan and in the related award agreement. The award agreement for restricted stock will specify the time period during which such award may be subject to forfeiture and any performance goals that must be met to remove any restrictions on such award. Except for limitations on transfer or other limitations set forth in the award agreement, holders of restricted stock have all of the rights of a Shareholder of the Company, including the right to vote the shares, and, if provided in the award agreement, the right to receive any dividends.

Other Awards. The Committee may grant to any participant other forms of awards payable in shares of the Company s common stock or cash. The terms and conditions of such other form of award will be specified in the award agreement. Such awards may be granted for no cash consideration other than services already rendered, or for such other consideration as may be specified by the award agreement.

Performance-Based Awards. Awards may be granted under the 2011 Plan that are subject to the attainment of pre-established performance goals over a specified performance period. Performance-based awards may be payable in stock or cash. Performance criteria include (but are not limited to) such measurements as profits, cash flows, and operating efficiency goals. Performance shares (also referred to as restricted stock units or stock awards) and performance units result in a payment to the participant in shares or cash, as determined by the Committee, if the performance goals and/or other vesting criteria (for example, continued service with the Company) set by the Committee are satisfied. The award agreement for a performance-based award will specify the performance period, the performance goals to be achieved during the performance period, and the maximum or minimum settlement values. Performance shares and performance units that are settled in shares are very similar to awards of restricted stock, except that in the case of performance shares and performance units, any vested shares are not issued until the payment date specified in the award. In the case of an award of restricted stock, the shares are issued promptly after the grant date but are subject to a vesting schedule.

Termination of Employment, Death, Disability and Retirement. Unless otherwise provided in an award agreement, upon the termination of a participant s employment the non-vested portions of all outstanding awards will terminate immediately. Subject to different provisions which may be specified in any particular award agreement, the period during which vested awards may be exercised following a termination of employment are described below. If a participant s employment is terminated for any reason other than as a result of death, disability, retirement or for cause, the vested portion of such award is exercisable for the lesser of the expiration date set forth in the applicable award agreement or 90 days after the date of termination of employment. In the event of the termination of participant s employment for cause, all vested awards immediately expire. Upon a participant s retirement, any vested award will expire on the earlier of the expiration date set forth in the award agreement for such award or six months after the date

of retirement (three months in the case of incentive stock options). Upon the death or disability of a participant, any vested award will expire on the earlier of the expiration date set forth in the award agreement or the one year anniversary date of the participant s death or disability.

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U.S. Federal Income Tax Consequences of 2011 Plan

The following is a general summary, as of the date of this proxy statement, of the United States federal income tax consequences associated with the grant of awards under the 2011 Plan. The federal tax laws may change and the federal, state and local tax consequences for any participant will depend upon his or her individual circumstances, thus the tax consequences for any particular individual may be different. Also, this information may not be applicable to any employees of foreign subsidiaries or to participants who are not residents of the United States.

Nonstatutory Stock Options and Stock Appreciation Rights (SARs). A participant receiving a nonstatutory stock option, or SAR that has been issued with an exercise price not less than the fair market value of the Company s common stock on the grant date, will not recognize income and the Company will not be allowed a deduction at the time such an option is granted. When a participant exercises a nonstatutory stock option or SAR, the difference between the exercise price and any higher market value of the stock on the date of exercise will be ordinary income to the participant and will be claimed as a deduction for federal income tax purposes by the Company. When a participant disposes of shares acquired by the exercise of the option or SAR, any additional gain or loss will be a capital gain or loss.

Incentive Stock Options. Incentive stock options granted under the 2011 Plan are intended to meet the requirements of Section 422 of the Internal Revenue Code. A participant receiving a grant of incentive stock options will not recognize taxable income and the Company will not be allowed a deduction at the time such an option is granted. When a participant exercises an incentive stock option while employed by the Company (or its subsidiary) or within the three-month (one year for disability) period after termination of employment, no ordinary income will be recognized by the participant at that time (and no deduction will be allowed to the Company) but the excess of the fair market value of the shares acquired by such exercise over the exercise price will be taken into account in determining the participant s alternative minimum taxable income for purposes of the federal alternative minimum tax applicable to individuals. If the shares acquired upon exercise are not disposed of until more than two years after the grant date and one year after the date of transfer of the shares to the participant (*i.e.*, the statutory holding periods), the excess of the sale proceeds over the aggregate option price of such shares will be long-term capital gain, and the Company will not be entitled to any federal income tax deduction. Except in the event of death, if the shares are disposed of prior to the expiration of the statutory holding periods (*i.e.,* a Disqualifying Disposition), the excess of the fair market value of such shares at the time of exercise over the exercise price (but not more than the gain on the disposition if it is a transaction on which a loss, if sustained, would be recognized) will be ordinary income at the time of such Disqualifying Disposition (and the Company will be entitled to a federal tax deduction in a like amount), and the balance of any gain will be capital gain. To the extent that the aggregate fair market value of stock (determined on the grant date) with respect to which incentive stock options become exercisable for the first time during any calendar year exceeds $100,000, such excess options will be treated as nonstatutory stock options.

Payment Using Shares. If a participant pays the exercise price of a nonstatutory or incentive stock option with previously-owned shares of the Company s common stock, and the transaction is not a Disqualifying Disposition of an incentive stock option, the shares received equal to the number of shares surrendered are treated as having been received in a tax-free exchange. The shares received in excess of the number surrendered will not be taxable if an incentive stock option is being exercised, but will be taxable as ordinary income to the extent of their fair market value if a nonstatutory stock option is being exercised. The participant does not recognize income and the Company receives no deduction as a result of the tax-free portion of the exchange transaction.

Restricted Stock, Performance Units and Performance Shares. A recipient of restricted stock, performance units or performance shares will not have taxable income upon grant. Instead, he or she will have ordinary income at the time of vesting equal to the fair market value on the vesting date of the shares (or cash) received minus any amount paid for the shares. For restricted stock only, a recipient may instead elect to be taxed at the time of grant by making an

election under Section 83(b) of the Internal Revenue Code. When an award vests or otherwise ceases to be subject to a substantial risk of forfeiture, the excess of the fair market value of the award on the vesting date or the cessation of the substantial risk of forfeiture over the amount paid, if any, by the participant for the award will be ordinary income to the participant and deductible for federal income tax purposes by the Company. Upon disposition of the shares received, the gain or loss recognized by the participant will be treated as capital gain or loss.

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Certain Limitations on Deductibility of Executive Compensation. With certain exceptions, Section 162(m) of the Internal Revenue Code denies a deduction to a publicly held corporation for compensation paid to certain executive officers in excess of $1 million per executive per taxable year (including any deduction with respect to the exercise of a nonstatutory stock option or stock appreciation right, or the disqualifying disposition of stock purchased pursuant to an incentive stock option). One such exception applies to certain performance-based compensation as described in Section 162(m), provided that such compensation has been approved by Shareholders and certain other requirements are met. If approved by our Shareholders, we believe that the nonstatutory stock options and other performance-based awards granted under the 2011 Plan should qualify for the performance-based compensation exception to Section 162(m).

Section 409A. Section 409A of the Internal Revenue Code provides certain new requirements for non-qualified deferred compensation arrangements. These include new requirements with respect to an individual s election to defer compensation and the individual s selection of the timing and form of distribution of the deferred compensation. Section 409A also generally provides that distributions must be made on or after the occurrence of certain events *(e.g.*, the individual s separation from service, a predetermined date, or the individual s death). Section 409A imposes restrictions on an individual s ability to change his or her distribution timing or form of distribution after the compensation has been deferred. For certain individuals who are officers, Section 409A requires that such individual s distribution commence no earlier than six months after such officer s separation from service.

Awards granted under the 2011 Plan with a deferral feature will be subject to the requirements of Section 409A. If an award is subject to and fails to satisfy the requirements of Section 409A, the recipient of that award may recognize ordinary income on the amounts deferred under the award, to the extent vested, which may be prior to when the compensation is actually or constructively received. Also, if an award that is subject to Section 409A fails to comply with Section 409A s provisions, Section 409A imposes an additional 20% federal income tax on compensation recognized as ordinary income, as well as interest on such deferred compensation.

ERISA

The Company believes that the 2011 Plan is not subject to any provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The 2011 Plan is not a qualified plan under Section 401(a) of the Internal Revenue Code.

Awards Granted under the 2011 Plan

As of February 15, 2011, the Company estimates that approximately 75 officers, employees, consultants and directors were eligible to participate in the 2011 Plan. Because the Compensation Committee does not have the discretion to grant awards under the 2011 Plan, it is not possible as of the date of this proxy statement to determine future awards that will be received by executive officers, employees, consultants and directors under the 2011 Plan.

Securities Authorized for Issuance under Equity Compensation Plans

As of February 15, 2011, the Company had the following securities issuable pursuant to outstanding option award agreements, weighted-average option exercise price, and remaining shares reserved for future issuance under the Company s existing Stock Incentive Plans:

			Number of securities remaining available for

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by security holders	268,600	1.66	447,480
Equity compensation plans not approved by security holders	0	N/A	0
Total	268,600	1.66	447,480

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PROPOSAL 4 APPROVAL TO REINCORPORATE ASTROTECH FROM WASHINGTON STATE TO DELAWARE

The Board of Directors believes that the Company can improve its corporate governance and reduce administrative costs by reincorporating from Washington State to Delaware (the Reincorporation). The Board of Directors believes that shareholder approval of the Reincorporation provides the following advantages to Astrotech:

- Does not impact our customers, our daily business operations or require relocation of offices
- Delaware corporate law is highly developed and predictable
- Access to the specialized courts for corporate law (Court of Chancery)
- Enables recruitment of future board members and other leaders
- Improves the ability to raise outside capital
- Opportunity to reduce legal fees and administrative burden

No Impact on Operations or Business Locations

The process of Reincorporation will not impact daily operations, will not affect the commitment to our customers, will not result in Astrotech moving headquarters from Texas and will not require relocating the physical location of any of its offices due to solely to this reincorporation. The directors and officers of the Company immediately prior to the Reincorporation will serve as the directors and officers of Astrotech following the Reincorporation. This is a legal transaction designed to achieve the benefits highlighted above and described in further detail below.

Highly Developed and Predictable Corporate Law

Our Board of Directors believes Delaware has one of the most modern statutory corporation laws, which is revised regularly to meet changing legal and business needs of corporations. The Delaware legislature is responsive to developments in modern corporate law and Delaware has proven sensitive to changing needs of corporations and their shareholders. The Delaware Secretary of State is particularly flexible and responsive in its administration of the filings required for mergers, acquisitions and other corporate transactions. Delaware has become a preferred domicile for most major U.S. corporations and the Delaware General Corporations Law (the DGCL) and administrative practices have become comparatively well-known and widely understood. As a result of these factors, it is anticipated that the DGCL will provide greater efficiency, predictability and flexibility in our legal affairs than is presently available under the Washington Business Corporation Act (the RCW).

Access to Specialized Courts

Delaware has a specialized Court of Chancery that hears corporate law cases. As the leading state of incorporation for both private and public companies, Delaware has developed a vast body of corporate law that helps to promote greater consistency and predictability in judicial rulings. In addition, Court of Chancery actions and appeals from Court of Chancery rulings proceed expeditiously. In contrast, Washington does not have a similar specialized court established to hear only corporate law cases. Rather, disputes involving questions of Washington corporate law are either heard by the Washington Superior Court, the general trial court in Washington that hears all types of cases, or, if federal jurisdiction exists, a federal district court.

Enable Recruitment of Future Board Members and Other Leaders

The Company is in competitive industries and competes for talented individuals to serve on our management team and on its Board of Directors. The Company believes that the better understood and comparatively stable corporate environment afforded by Delaware will enable us to compete more effectively with other public and private companies, many of which are incorporated in Delaware, in the recruitment, from time to time, of talented and experienced directors and officers.

Additionally, the parameters of director and officer liability are more extensively addressed in Delaware court decisions and are therefore better defined and better understood than under the RCW. The Board of Directors

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believes that reincorporation in Delaware will enhance Astrotech s ability to recruit and retain directors and officers in the future, while providing appropriate protection for shareholders from possible abuses by directors and officers.

In this regard, it should be noted that directors personal liability is not, and cannot be, eliminated under the DGCL for intentional misconduct, bad faith conduct or any transaction from which the director derives an improper personal benefit.

Ability to Raise Capital

In the opinion of the Board of Directors, underwriters and other members of the financial services industry may be more willing and better able to assist in capital-raising programs for corporations having the greater flexibility afforded by the DGCL. Based on publicly available data, over half of publicly-traded corporations in the United States and more than 63% of the Fortune 500 companies are incorporated in Delaware.

Opportunity to Reduce Legal Fees and Administrative Burden

As a smaller reporting company, Astrotech regularly looks for ways to reduce administrative burden and reduce costs. The Company expects the familiarity and proliferation of Delaware law to assist in the reduction of administrative burden. The Company also retains separate counsel in Washington state, which we expect to eliminate following the reincorporation.

Reincorporation Process

If the Company s shareholders approve the Reincorporation, the Company will merge into a newly formed, wholly owned Delaware subsidiary of the Company, named Astrotech Corporation (Newco). The address and phone number of Newco s principal office are the same as those of the Company. Prior to the Reincorporation merger, Newco will have no material assets or liabilities and will not have carried on any business. After the Reincorporation, the Company, will cease to exist, and Newco, the Company s wholly owned subsidiary that the Company has established solely for the purpose of the merger and Reincorporation, will be the surviving corporation. Newco will succeed to all of the operations, own all of the assets and assume all of the obligations of the Company. All of the Company s employee benefit plans will be continued by Newco following the Reincorporation.

A copy of the form of merger agreement approved by the Company s Board of Directors and by Newco (the Merger Agreement) is attached as Appendix C. The Merger Agreement assumes shareholder approval of this Proposal 4.

When the merger becomes effective, each outstanding share of the Company s common stock will be automatically converted into one share of the common stock of Newco. At the same time, each outstanding option, right or warrant to acquire shares of the Company s common stock will be converted into an option, right or warrant to acquire an equal number of shares of Newco common stock under the same terms and conditions as the original options, rights or warrants. Furthermore, when the merger becomes effective, the surviving entity in the merger, Newco, will be governed by the Certificate of Incorporation of Newco (the Delaware Charter) attached as Appendix D and by the Bylaws of Newco (the Delaware Bylaws) attached as Appendix E. The surviving entity will be governed by the DGCL instead of the RCW. The Company s current Articles of Incorporation (the Washington Charter) and Bylaws (the Washington Bylaws) will not be applicable to Newco upon completion of the Reincorporation.

Effect of Not Obtaining the Required Vote for Approval

If the Reincorporation proposal fails to obtain the requisite vote for approval, the Reincorporation merger will not be consummated and the Company will continue to be incorporated in Washington.

Comparison of Shareholder Rights Before and After the Reincorporation

Because of differences between the RCW and the DGCL, as well as differences between the Company s charter and bylaws before and after the Reincorporation, the Reincorporation will effect some changes in the rights of the Company s shareholders. Summarized below are the most significant differences between the rights of the shareholders of the Company before and after the Reincorporation, as a result of the differences among the RCW and the DGCL, the Washington Charter and the Delaware Charter, and the Washington Bylaws and the Delaware Bylaws.

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The summary below is not intended to be relied upon as an exhaustive list of all differences or a complete description of the differences between the DGCL and the Delaware Charter and the Delaware Bylaws, on the one hand, and the RCW and the Washington Charter and Bylaws on the other hand. The summary below is qualified in its entirety by reference to the RCW, the Washington Charter, the Washington Bylaws, the DGCL, the Delaware Charter and the Delaware Bylaws.

Authorized Capital Stock

Delaware Provisions

Newco s authorized capital stock will consist of 30,000,000 authorized shares of common stock, $0.01 par value, and 1,000,000 authorized shares of preferred stock, $0.01 par value. All of the shares of Newco common stock issued in connection with the Reincorporation will be validly issued, fully paid and non-assessable.

The holders of Newco common stock will be entitled to one vote for each share on all matters voted on by shareholders, including the election of directors. The holders of Newco common stock will not have any cumulative voting, conversion, redemption or preemptive rights. The holders of Newco common stock will be entitled to such dividends as may be declared from time to time by the Newco Board of Directors from funds available therefor, and upon liquidation will be entitled to receive pro rata all assets of Newco available for distribution to such holders.

Washington Provisions

The holders of the Company s common stock are entitled to one vote for each share on all matters voted on by shareholders, including the election of directors. The Company s authorized capital stock consists of (i) 75,000,000 authorized shares of common stock, no par value, and (ii) 2,500,000 authorized shares of preferred stock, no par value. The holders of the Company s common stock do not have any cumulative voting, conversion, redemption or preemptive rights.

Number of Directors; Election; Removal; Filling Vacancies; Independent Directors

Delaware Provisions

The Delaware Charter and Delaware Bylaws will provide that the number of directors will be fixed from time to time by action of the Board of Directors. The Delaware Bylaws will provide that there shall be at least one director and no more than fifteen and that the number of directors may be increased or decreased at any time by a vote of a majority of the directors present at a meeting at which a quorum is present. Delaware law permits corporations to classify their board of directors so that less than all of the directors are elected each year to overlapping terms. The Delaware Charter will not provide for a classified board.

Each director will serve for a term ending on the date of the subsequent annual meeting following the annual meeting at which such director was elected.

Under the DGCL, stockholders may remove one or more directors with or without cause. The Delaware Charter provides that the stockholders may remove one or more directors with or without cause at a special meeting called for the purpose of removing the director, or at an annual meeting, upon the affirmative vote of the holders of a majority of the votes entitled to vote for the election of directors. The Delaware Bylaws provide that the stockholders may remove one or more directors with or without cause at a special meeting called for the purpose of removing the director, or at an annual meeting, upon the affirmative vote of the holders of a majority of the votes entitled to vote for the election of directors. A vacancy on the Board of Directors, whether created as a result of the removal of a director or resulting

from an enlargement of the Board of Directors, may only be filled by the directors then in office.

Washington Provisions

The Washington Charter provides that the number of directors shall not be less than one nor more than fifteen. Under the Washington Charter, the specific number of directors must be set by a resolution of the Board of Directors. The directors are elected by the shareholders at the annual meeting and all directors hold office until their successors are elected and qualified, or until their earlier death, resignation or removal. The Washington Charter

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does not divide the Board of Directors into classes and each director will serve for a term ending on the date of the subsequent annual meeting following the annual meeting at which such director was elected.

The Washington Charter provides that the shareholders may remove one or more directors for cause at a special meeting called for the purpose of removing the director, or at an annual meeting, upon the affirmative vote of the holders of a majority of the votes entitled to vote for the election of directors. The Washington Bylaws provide that the shareholders may remove one or more directors with or without cause at a special meeting called for the purpose of removing the director, or at an annual meeting, upon the affirmative vote of the holders of a majority of the votes entitled to vote for the election of directors. A vacancy on the Board of Directors, whether created as a result of the removal of a director or resulting from an enlargement of the Board of Directors, may only be filled by the directors then in office.

Under the RCW, shareholders may remove one or more directors with or without cause unless the articles of incorporation provide that directors may be removed only for cause. A director may be removed by the shareholders only at a special meeting called for that purpose. If a vacancy occurs on the Board of Directors either the shareholders or the directors shall fill the vacancy.

Cumulative Voting for Directors

Delaware Provisions

Delaware law permits cumulative voting if provided in the certificate of incorporation. The Delaware Charter expressly prohibits cumulative voting.

Washington Provisions

Under Washington law, unless the articles of incorporation provide otherwise, shareholders are entitled to use cumulative voting in the election of directors. The Washington Charter expressly prohibits cumulative voting.

Business Combinations; Interested Transactions

Delaware Provisions

Section 203 of the DGCL provides that, subject to certain exceptions specified therein, a corporation shall not engage in any business combination with any interested shareholder for a three-year period following the date that such shareholder becomes an interested shareholder unless (i) prior to such date, the board of directors of the corporation approved either the business combination or the transaction which resulted in the shareholder becoming an interested shareholder, (ii) upon consummation of the transaction which resulted in the shareholder becoming an interested shareholder, the interested shareholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced (excluding shares held by directors who are also officers and employee stock purchase plans in which employee participants do not have the right to determine confidentially whether plan shares will be tendered in a tender or exchange offer), or (iii) on or subsequent to such date, the business combination is approved by the board of directors of the corporation and by the affirmative vote at an annual or special meeting, and not by written consent, of at least 662/3% of the outstanding voting stock which is not owned by the interested shareholder. Except as specified in Section 203 of the DGCL, an interested shareholder is defined to include (a) any person that is the owner of 15% or more of the outstanding voting stock of the corporation or is an affiliate or associate of the corporation and was the owner of 15% or more of the outstanding voting stock of the corporation, at any time within three years immediately prior to the relevant date, and (b) the affiliates and associates of any such person.

Under certain circumstances, Section 203 of the DGCL may make it more difficult for a person who would be an interested shareholder to effect various business combinations with a corporation for a three-year period, although the corporation s certificate of incorporation or shareholders may elect to exclude a corporation from the restrictions imposed thereunder. The Delaware Charter does not exclude Newco from the restrictions imposed under Section 203 of the DGCL. It is anticipated that the provisions of Section 203 of the DGCL may encourage companies interested in acquiring Newco to negotiate in advance with the Newco s Board of Directors, since the

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shareholder approval requirement would be avoided if a majority of the directors then in office approve either the business combination or the transaction which results in the shareholder becoming an interested shareholder.

Washington Provisions

Section 23B.19.040 of the RCW provides that a Washington public company may not, for a period of five years following the date on which a shareholder becomes the beneficial owner of ten percent or more of the corporation s outstanding shares, without the prior approval of the corporation s board of directors of the transaction or of the acquisition by the shareholder resulting in the shareholder s ownership of ten percent or more of the corporation s outstanding shares, engage in (i) a merger, share exchange, or consolidation with such shareholder or an affiliate of such shareholder, (ii) a sale or other disposition to such shareholder of assets with a value equal to five percent or more of the aggregate market value of all the corporation s assets, or having an aggregate value equal to five percent or more of the aggregate market value of all the outstanding shares of the corporation, or representing five percent or more of the earning power of the corporation, (iii) a termination, as a result of such shareholder s acquisition of ten percent or more of the shares of the corporation, of five percent or more of the employees of the corporation employed in Washington whether at one time or over the five-year period following the date that the shareholder acquires ten percent of the corporation s voting securities, (iv) an issuance, transfer or redemption by the corporation of shares, options or warrants to such shareholder, (v) a liquidation or dissolution proposed by or pursuant to an agreement with such shareholder, (vi) a reclassification of securities, including any share splits, share dividend or other distribution of shares in respect of stock, proposed by or pursuant to any agreement with such shareholder that has the effect of increasing the proportionate share of the outstanding shares of a class of shares owned by such shareholder, or (vii) a transaction with such shareholder in which the corporation makes any loans or advances to such shareholder or provides other financial assistance or tax credits or other tax advantages to such shareholder through the target corporation.

The Company is not aware of any specific effort by any party to assume control of the Company. Because the RCW includes provisions affecting acquisitions and business combinations, the possibility that Section 203 of the DGCL may impede the accomplishment of mergers with, or the assumption of control of, the Company is not among the principal reasons for the Reincorporation.

Limitation of Liability of Directors

Delaware Provisions

The DGCL permits a corporation to include a provision in its certificate of incorporation eliminating or limiting the personal liability of a director to the corporation or its shareholders for damages for certain breaches of the director s fiduciary duty. However, no such provision may eliminate or limit the liability of a director: (i) for any breach of the director s duty of loyalty to the corporation or its shareholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) for declaration of unlawful dividends or illegal redemptions or stock repurchases; or (iv) for any transaction from which the director derived an improper personal benefit.

The Delaware Charter provides that a director will not be personally liable to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director s duty of loyalty to the corporation or its shareholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL, which concerns unlawful payments of dividends, stock purchases or redemptions, or (iv) for any transaction from which the director derived an improper personal benefit. While these provisions provide directors with protection from awards for monetary damages for breaches of their duty of care, they do not eliminate such duty. Accordingly, these provisions will have no effect on

the availability of equitable remedies such as an injunction or rescission based on a director s breach of his or her duty of care.

Washington Provisions

The RCW permits a corporation to include in its articles of incorporation provisions that eliminate or limit the personal liability of a director to the corporation or its shareholders for monetary damages for conduct as a director,

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provided that such provisions may not eliminate or limit the liability of a director for acts or omissions that involve (i) intentional misconduct by the director or a knowing violation of law by a director, (ii) liability for unlawful distributions, or (iii) for any transaction from which the director will personally receive a benefit in money, property or services to which the director is not legally entitled.

The Washington Charter provides that a director of the Company will not be liable to the corporation or its shareholders for monetary damages for any conduct as a director to the fullest extent permitted by the RCW. The Washington Charter also provides that a director of the Company shall have no personal liability to the Company or its shareholders for monetary damages for breach of conduct as a director; provided that a director will remain liable for acts or omissions that involve intentional misconduct by a director or a knowing violation of law by a director, for voting or assenting to an unlawful distribution, or for any transaction from which the director will personally receive a benefit in money, property, or services to which the director is not legally entitled. This provision does not affect the availability of equitable remedies such as an injunction or rescission based upon a director s breach of his duty of care.

Indemnification of Officers and Directors

Both the RCW and the DGCL permit a corporation to indemnify officers, directors, employees and agents for actions taken in good faith and in a manner they reasonably believed to be in, or not opposed to, the best interests of the corporation, and with respect to any criminal action, which they had no reasonable cause to believe was unlawful. Both states laws provide that a corporation may advance expenses of defense (upon receipt of a written undertaking to reimburse the corporation if indemnification is not appropriate), and both states permit a corporation to purchase and maintain liability insurance for its directors and officers.

Delaware Provisions

The DGCL provides that indemnification may not be made for any matter as to which a person has been adjudged by a court of competent jurisdiction to be liable to the corporation, unless and only to the extent a court determines that the person is entitled to indemnity for such expenses as the court deems proper.

The Delaware Bylaws provide that Newco shall indemnify each person whom it may indemnify to the extent permitted by the DGCL and that Newco may purchase and maintain insurance on behalf of any person who is or was serving as a director, officer, employee or agent of the company, or of another entity at the request of the company. The Delaware Charter provides that Newco shall indemnify its present and former directors and officers to the maximum extent permitted by the DGCL and that such indemnification shall not be exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise.

Washington Provisions

The RCW provides that a corporation may not indemnify a director in connection with a proceeding in which the director was adjudged liable to the corporation or in connection with any other proceeding charging improper personal benefit to the director in which the director was adjudged liable on the basis that personal benefit was improperly received by the director.

The Washington Bylaws provide that to the full extent permitted by the RCW, the Company shall indemnify any person made or threatened to be made a party to any proceeding (whether brought by or in the right of the corporation or otherwise) by reason of the fact that he or she is or was a director or officer of the Company, or is or was serving at the request of the Company as a director or officer of another corporation, against judgments, penalties, fines, settlements and reasonable expenses (including attorneys fees) actually incurred by him or her in connection with such

proceeding; and the Company may, at any time, approve indemnification of any other person which the Company has the power to indemnify under the RCW and that such indemnification shall not be exclusive of any other rights to which such person may be entitled as a matter of law or by contract or by vote of the Board of Directors or the shareholders. The Washington Charter provides that the Company may not provide indemnification in respect of any claim, issue or matter as to which such person shall have been finally adjudged to be liable for (i) negligence or misconduct in the performance of his duty to the Company unless and only to the extent that the court in which such action or suit was brought, or any other court of competent jurisdiction, shall determine upon

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application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as such court shall deem proper or (ii) violating any of the terms or provisions of Section 16 of the Securities Exchange Act of 1934, as amended, or any of the rules or regulations promulgated thereunder.

Special Meetings of Shareholders

Delaware Provisions

Under the DGCL, a special meeting of shareholders may be called by the corporation s board of directors or by such persons as may be authorized by the corporation s certificate of incorporation or bylaws. The Delaware Bylaws provide that a special meeting may be called at any time by (i) the Newco Chief Executive Officer, (ii) the Newco President, (iii) the Board of Directors, or (iv) by shareholders holding at least a majority of the outstanding shares of Newco.

Washington Provisions

Under the RCW, a corporation must hold a special meeting of shareholders upon request by the board of directors or by such persons authorized to do so by the articles of incorporation or bylaws. A corporation must also hold a special meeting of shareholders if the holders of at least ten percent of all votes entitled to be cast at a special meeting deliver to the corporation a demand for a special meeting. However, a corporation that is a public company may in its articles of incorporation limit or deny the right of shareholders to call a special meeting. A corporation other than a public company may require that shareholders who hold a greater amount than ten percent of the outstanding shares may call a special meeting of shareholders provided that the amount is not greater than twenty-five percent.

The Washington Charter provides that special meetings of shareholders may be called by the Board of Directors, the Chairman of the Board of Directors, or the president of the Company but not by any other person. The Washington Bylaws allow the holders of not less than one-tenth of all the outstanding shares of the corporation entitled to vote at the meeting to call a special meeting of the shareholders.

Amendment or Repeal of the Certificate of Incorporation

Delaware Provisions

Under the DGCL, unless the certificate of incorporation otherwise provides, amendments to the certificate of incorporation generally require the approval of the holders of a majority of the outstanding stock entitled to vote thereon, and if the amendment would increase or decrease the number of authorized shares of any class or series or the par value of such shares, or would adversely affect the rights, powers or preferences of such class or series, a majority of the outstanding stock of such class or series also would have to approve the amendment. The Delaware Charter provides that Newco reserves the right to amend, alter, change or repeal any provision contained in the Delaware Charter, in the manner prescribed by statute and in the charter, and that all rights conferred upon shareholders in the charter are granted subject to this reservation.

Washington Provisions

Under the RCW, the board of directors may amend the Company s articles of incorporation without shareholder approval (i) to change any provisions with respect to the par value of any class of shares, (ii) to delete the names and addresses of the initial directors, (iii) to delete the name and address of the initial registered agent or registered officer, (iv) if the corporation has only one class of shares outstanding, solely to effect a forward or reverse stock split, or

(v) to change the corporate name. Other amendments to the articles of incorporation must be approved, in the case of a public company, by a majority of the votes entitled to be cast on the proposed amendment. The Washington Charter provides that the Company reserves the right to amend or repeal any provision contained in the articles of incorporation in any manner permitted by the RCW.

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Amendment to Bylaws

Delaware Provisions

Under the DGCL, directors may amend the bylaws of a corporation only if such right is expressly conferred upon the directors in its certificate of incorporation. The Delaware Charter and Delaware Bylaws provide that the Board of Directors and the shareholders will have the power to adopt, amend, alter or repeal the Delaware Bylaws.

Washington Provisions

The RCW provides that the board of directors may amend or repeal the corporation s bylaws unless the articles of incorporation reserve this power exclusively to the shareholders or the shareholders, in amending or repealing a particular bylaw, provide expressly that the board of directors may not amend or repeal that bylaw. The shareholders may also amend or repeal the corporation s bylaws, or adopt new bylaws, even though the bylaws may also be amended or repealed by the board of directors. The Washington Bylaws provide that the Board of Directors has the power to adopt, amend or repeal the bylaws of the Company, subject to the power of the shareholders to amend or repeal the bylaws, and that the shareholders also have the power to amend or repeal the bylaws and to adopt new bylaws.

Merger with Subsidiary

Delaware Provisions

The DGCL provides that a parent corporation may merge into a subsidiary and a subsidiary may merge into its parent, without shareholder approval, where such parent corporation owns at least 90% of the outstanding shares of each class of capital stock of its subsidiary.

Washington Provisions

The RCW provides that a parent corporation may merge a subsidiary into itself without shareholder approval if the parent corporation owns at least 90% of the outstanding shares of each class of capital stock of its subsidiary.

Committees of the Board of Directors

Delaware Provisions

The DGCL provides that the board of directors may delegate certain of its duties to one or more committees elected by a majority of the board of directors. A Delaware corporation can delegate to a committee of the board of directors, among other things, the responsibility of nominating candidates for election to the office of director, to fill vacancies on the board of directors, to reduce earned or capital surplus, and to authorize the acquisition of the corporation s own stock. Moreover, if the corporation s certificate of incorporation or bylaws, or the resolution of the board of directors creating the committee so permits, a committee of the board of directors may declare dividends and authorize the issuance of stock.

Washington Provisions

The RCW also provides that the board of directors may delegate certain of its duties to one or more committees elected by a majority of the board of directors. Under the RCW, each committee may exercise such powers of the board of directors specified by the board of directors; however, a committee may not (i) authorize or approve a

distribution except in accordance with a general formula or method prescribed by the board of directors, (ii) approve or propose to shareholders any action that the RCW requires be approved by shareholders, (iii) fill vacancies on the board of directors or on any of its committees, (iv) amend the articles of incorporation, (v) adopt, amend or repeal bylaws, (vi) approve a plan of merger not requiring shareholder approval, or (vii) approve the issuance or sale of shares or determine the designation and relative rights, preferences and limitations of a class or series of shares.

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Mergers, Acquisitions and Transactions with Controlling Shareholder

Delaware Provisions

Under the DGCL, a merger, consolidation, sale of all or substantially all of a corporation s assets other than in the regular course of business or dissolution of a corporation must be approved by a majority of the outstanding shares entitled to vote. No vote of shareholders of a constituent corporation surviving a merger, however, is required (unless the corporation provides otherwise in its certificate of incorporation) if (i) the merger agreement does not amend the certificate of incorporation of the surviving corporation; (ii) each share of stock of the surviving corporation outstanding before the merger is an identical outstanding or treasury share after the merger; and (iii) the number of shares to be issued by the surviving corporation in the merger does not exceed twenty (20%) of the shares outstanding immediately prior to the merger. The certificate of incorporation of Newco does not make any provision with respect to such mergers.

Washington Provisions

Under the RCW, a merger, share exchange, consolidation, sale of substantially all of a corporation s assets other than in the regular course of business, or dissolution of a public corporation must be approved by the affirmative vote of a majority of directors when a quorum is present, and by two-thirds of all votes entitled to be cast by each voting group entitled to vote as a separate group, unless a higher or lower proportion is specified in the articles of incorporation.

The RCW also provides that certain mergers need not be approved by the shareholders of the surviving corporation if (i) the articles of incorporation will not change in the merger, except for specified permitted amendments; (ii) no change occurs in the number, designations, preferences, limitations and relative rights of shares held by those shareholders who were shareholders prior to the merger; (iii) the number of voting shares outstanding immediately after the merger, plus the voting shares issuable as a result of the merger, will not exceed the authorized voting shares specified in the surviving corporation s articles of incorporation immediately prior to the merger; and (iv) the number of participating shares outstanding immediately after the merger, plus the number of participating shares issuable as a result of the merger, will not exceed the authorized participating shares specified in the corporation s articles of incorporation immediately prior to the merger.

Class Voting

Delaware Provisions

The DGCL requires voting by separate classes only with respect to amendments to the certificate of incorporation that adversely affect the holders of those classes or that increase or decrease the aggregate number of authorized shares or the par value of the shares of any of those classes.

Washington Provisions

Under the RCW, a corporation s articles of incorporation may authorize one or more classes of shares that have special, conditional or limited voting rights, including the right to vote on certain matters as a group. Under the RCW, a corporation s articles of incorporation may not limit the rights of holders of a class to vote as a group with respect to certain amendments to the articles of incorporation and certain mergers that adversely affect the rights of holders of that class.

Preemptive Rights

Delaware Provisions

Under Delaware law, a shareholder does not have preemptive rights unless such rights are specifically granted in the certificate of incorporation. The Delaware Charter states that shareholders do not have any preemptive rights.

Washington Provisions

Under Washington law, a shareholder has preemptive rights unless such rights are specifically denied in the articles of incorporation. The Washington Charter states that shareholders do not have any preemptive rights.

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Transactions with Officers and Directors

Delaware Provisions

The DGCL provides that contracts or transactions between a corporation and one or more of its officers or directors or an entity in which they have an interest is not void or voidable solely because of such interest or the participation of the director or officer in a meeting of the board of directors or a committee which authorizes the contract or transaction if (i) the material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board of directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of disinterested directors, even though the disinterested directors are less than a quorum; (ii) the material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or (iii) the contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified by the board of directors, a committee thereof or the shareholders.

Washington Provisions

The RCW sets forth a safe harbor for transactions between a corporation and one or more of its directors. A conflicting interest transaction may not be enjoined, set aside or give rise to damages if (i) it is approved by a majority of the qualified directors on the board of directors or an authorized committee, but in either case no fewer than two qualified directors; (ii) it is approved by a majority of all qualified shares; or (iii) at the time of commitment, the transaction was fair to the corporation. For purposes of this provision, qualified director is one who does not have (a) a conflicting interest respecting the transaction; or (b) a familial, financial, professional or employment relationship with a non-qualified director which relationship would reasonably be expected to exert an influence on the qualified director s judgment when voting on the transaction. Qualified shares are defined generally as shares other than those beneficially owned, or the voting of which is controlled, by a director who has a conflicting interest respecting the transaction.

Stock Redemptions and Repurchases

Delaware Provisions

Under the DGCL, a Delaware corporation may purchase or redeem its own shares of capital stock, except when the capital of the corporation is impaired or when such purchase or redemption would cause any impairment of the capital of the corporation.

Washington Provisions

A Washington corporation may acquire its own shares.

Proxies

Delaware Provisions

Under the DGCL, a proxy executed by a shareholder will remain valid for a period of three years unless the proxy provides for a longer period.

Washington Provisions

Under the RCW, a proxy executed by a shareholder will remain valid for eleven months unless a longer period is expressly provided in the appointment.

Consideration for Stock

Delaware Provisions

Under the DGCL, a corporation may accept as consideration for its stock a combination of cash, property or past services in an amount not less than the par value of the shares being issued, and a secured promissory note or other

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binding obligation executed by the subscriber for any balance, the total of which must equal at least the par value of the issued stock, as determined by the board of directors.

Washington Provisions

Under the RCW, a corporation may issue its capital stock in return for consideration consisting of any tangible or intangible property or benefit to the corporation, including cash, promissory notes, services performed, contracts for services to be performed, or other securities of the corporation.

Shareholders Rights to Examine Books and Records

Delaware Provisions

The DGCL provides that any shareholder of record may demand to examine the corporation s books and records for any proper purpose. If management of the corporation refuses, the shareholder can compel release of the books by court order.

Washington Provisions

The RCW provides that upon five business days notice to the corporation a shareholder is entitled to inspect and copy, during regular business hours at the corporation s principal office, the corporation s articles of incorporation, bylaws, minutes of all shareholders meetings for the past three years, certain financial statements for the past three years, communications to shareholders within the past three years, list of the names and business addresses of the current directors and officers and the corporation s most recent annual report delivered to the secretary of state. Upon five business days notice, so long as the shareholder s demand is made in good faith and for a proper purpose, the shareholder describes with reasonable particularity the shareholder s purpose and the records the shareholder desires to inspect, and the records are directly connected with the shareholder s purpose, a shareholder may inspect and copy excerpts from minutes of any meeting of the board of directors or other records of actions of the board of directors, accounting records of the corporation and the record of shareholders.

Appraisal and Dissenters Rights

Under the DGCL and the RCW, shareholders have appraisal or dissenter s rights, respectively, in the event of certain corporate actions such as a merger. These rights include the right to dissent from voting to approve such corporate action, and demand fair value for the shares of the dissenting shareholder. If a proposed corporate action creating dissenters rights is submitted to a vote at a shareholders meeting, a shareholder who wishes to assert dissenters rights must (i) deliver to the corporation, before the vote is taken, written notice of his intent to demand payment for his shares if the proposed action is effected, and (ii) not vote his shares in favor of the proposed action. If fair value is unsettled, the DGCL and the RCW provide for the dissenter and the company to petition the Court of Chancery or a superior court of the county in Washington where a corporation s principal office or registered office is located, respectively. Although appraisal or dissenter s rights are substantially similar in Delaware and Washington, this discussion is qualified in its entirety by reference to the DGCL and the RCW, which provide more specific provisions and requirements for dissenting shareholders.

Dividends

Delaware Provisions

The DGCL provides that the corporation may pay dividends out of surplus, out of the corporation s net profits for the preceding fiscal year, or both, provided that there remains in the stated capital account an amount equal to the par value represented by all shares of the corporation s stock having a distribution preference.

Washington Provisions

The RCW provides that shares may be issued pro rata and without consideration to the corporation s shareholders as a share dividend. The board of directors may authorize distributions to its shareholders provided that no distribution may be made if after giving it effect, the corporation would not be able to pay its liabilities as they become due in the usual course of business or the corporation s total assets would be less than the sum of its total liabilities plus the

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amount that would be needed if the corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of shareholders whose preferential rights are superior to those receiving the distribution.

Corporate Action Without a Shareholder Meeting

Delaware Provisions

The DGCL permits corporate action without a meeting of shareholders upon the written consent of the holders of that number of shares necessary to authorize the proposed corporate action being taken, unless the certificate of incorporation or articles of incorporation expressly provide otherwise. In the event such proposed corporate action is taken without a meeting by less than the unanimous written consent of shareholders, the DGCL requires that prompt notice of the taking of such action be sent to those shareholders who have not consented in writing.

Washington Provisions

If the corporation is a public company, the RCW only permits action by shareholders without a meeting if the action is taken by all shareholders entitled to vote on the action.

Effective Time

If the Reincorporation is approved, the Reincorporation will become effective upon the filing of, or at the later date and time specified in (as applicable), each of the articles of merger to be filed with the Secretary of State of Washington in accordance with the RCW and the Certificate of Merger to be filed with the Secretary of State of Delaware in accordance with the DGCL. If the Reincorporation is approved, it is anticipated that the Board of Directors will cause the Reincorporation to be effected as promptly as reasonably possible following such approval. However, the Reincorporation may be delayed or terminated and abandoned by action of the Board of Directors at any time prior to the effective time, whether before or after the approval by the Company s shareholders, if the Board of Directors determines for any reason, in its sole judgment and discretion, that the consummation of the Reincorporation should be delayed or would be inadvisable or not in the best interests of the Company and its shareholders, as the case may be.

Effect on Common Stock

Assuming the proposal to effect the Reincorporation is approved, after the effective date of the Reincorporation, the common stock will have a new CUSIP number, which is a number used to identify a company s equity securities, and stock certificates with the old CUSIP number will need to be exchanged for stock certificates with the new CUSIP number by following the procedures described in Effect on Registered Certificated Shares below.

After the effective date of the Reincorporation, the Company will continue to be subject to periodic reporting and other requirements of the Securities Exchange Act of 1934, as amended. The common stock will continue to be reported on the NASDAQ Stock Market under the symbol ASTC . After the effective date of the Reincorporation, outstanding shares of common stock will remain fully paid and non-assessable. The Company will make all necessary filings with NASDAQ as required by SEC Rule 10b-17.

Effect of Not Obtaining the Required Vote for Approval

If the Reincorporation proposal fails to obtain the requisite vote for approval, the Reincorporation will not be consummated and the Company will continue to be incorporated in Washington.

Effect on Registered Certificated Shares

Some of the Company s registered shareholders hold all their shares in certificate form. If any of your shares are held in certificate form, you will receive a transmittal letter from the Company s transfer agent, American Stock Transfer & Trust Company (the Transfer Agent), after the effective date of the Reincorporation. The letter of transmittal will contain instructions on how to surrender your certificate(s) representing your shares of the common stock (Old Certificates) to the Transfer Agent in exchange for certificates representing the appropriate number of whole shares of common stock of the Delaware-incorporated Company as a result of the Reincorporation (New

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Certificates). No New Certificates will be issued to a shareholder until such shareholder has surrendered all Old Certificates, together with a properly completed and executed letter of transmittal, to the Transfer Agent. Consequently, you will need to surrender your Old Certificate(s) before you will be able to sell or transfer your stock.

Shareholders will then receive a New Certificate or certificates representing the number of whole shares of the Company s common stock into which their shares of common stock have been converted as a result of the Reincorporation. Until surrendered, the Company will deem outstanding Old Certificates held by shareholders to be canceled and only to represent the number of whole shares of the Company s common stock to which these shareholders are entitled.

Any Old Certificates submitted for exchange, whether because of a sale, transfer or other disposition of stock, will automatically be exchanged for certificates evidencing shares of the Company s common stock. If an Old Certificate has a restrictive legend on the back of the Old Certificate, a New Certificate evidencing shares of the Company s common stock will be issued with the same restrictive legends, if any, that are on back of the Old Certificate(s). All expenses of the exchange will be borne by the Company.

Shareholders should not destroy any stock certificate(s). You should not send your old certificates to the Transfer Agent until you have received the letter of transmittal.

Accounting Treatment of the Reincorporation

If the proposal to approve the Reincorporation is approved at the Annual Meeting and the Reincorporation is effected, all previously reported per share amounts will be restated to reflect the effect of the Reincorporation as though it had occurred at the beginning of the earliest period presented in the consolidated financial statements. In addition, the amounts reported on the consolidated balance sheets as common stock and additional paid in capital will also be restated to reflect the Reincorporation.

Interested Parties

Except as described above with regard to potential benefits to be received by the officers and directors of the Company arising from the liability limitation and indemnification provisions under the DGCL, no director or executive officer of the Company has any interest, direct or indirect, in the Reincorporation other than any interest arising from the ownership of common stock.

U.S. Federal Income Tax Consequences of Reincorporation

The following description of federal income tax consequences is based on the Internal Revenue Code (the Code) and applicable treasury regulations promulgated thereunder, judicial authority and current administrative rulings and practices as in effect on the date of this proxy statement. This discussion should not be considered tax or investment advice, and the tax consequences of the Reincorporation may not be the same for all shareholders. In particular, this discussion does not address the tax treatment of special classes of shareholders, such as banks, insurance companies, tax-exempt entities and foreign persons.

Shareholders desiring to know their individual federal, state, local and foreign tax consequences should consult their own tax advisors.

The Reincorporation is intended to qualify as a tax-free reorganization under Section 368(a)(1)(F) or 368(a)(1)(A) of the Code. Assuming such tax treatment, the following U.S. federal income tax consequences will generally result:

No taxable income, gain, or loss will be recognized by the Company or the Company s shareholders as a result of the exchange of shares of the Company s common stock for shares of Newco common stock pursuant to the Reincorporation.

The aggregate tax basis of the Newco common stock received by each Company shareholder in the Reincorporation will be equal to the aggregate tax basis of the Company s common stock surrendered in exchange therefore.

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The holding period of the Newco common stock received by each Company shareholder in the Reincorporation will include the period for which such shareholder held the Company common stock surrendered in exchange therefor, provided that such Company common stock was held by such shareholder as a capital asset at the time of the Reincorporation.

The Company has not requested a ruling from the Internal Revenue Service (the IRS) or an opinion of counsel with respect to the federal income tax consequences of the Reincorporation under applicable tax laws. The Company believes that such a ruling and opinion are unnecessary and would add unneeded cost and delay because it knows of no reason why the IRS should challenge the described income tax consequences of the Reincorporation. However, a successful IRS challenge to the reorganization status of the Reincorporation would result in material adverse tax consequences to the Company, and in a shareholder recognizing gain or loss with respect to each share of Company common stock exchanged in the Reincorporation.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE **FOR** REINCORPORATING ASTROTECH FROM WASHINGTON STATE TO DELAWARE

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ADDITIONAL INFORMATION

Proxy Solicitation Expense

For the 2010 Annual Meeting, Astrotech has retained Morrow & Co., LLC 470 West Ave., Stamford, CT 0690, to assist in soliciting proxies. The Company has agreed to pay a fee of $15,000 plus out-of-pocket expenses for this service. In addition to solicitation by mail, directors, officers, and employees of the Company, without receiving any additional compensation, may solicit proxies personally or by telephone or facsimile. The Company has retained Mediant Communications to request brokerage houses, banks, and other custodians or nominees holding stock in their names for others to forward proxy materials to their customers or principals who are the beneficial owners of shares and will reimburse them for their expenses in doing so. The Company does not anticipate that the costs and expenses incurred in connection with this proxy solicitation will exceed those normally expended for a proxy solicitation for those matters to be voted on in the Annual Meeting.

Deadline for Submission of Shareholder Proposals for Next Year s Annual Meeting

The proxy rules adopted by the SEC provide that certain shareholder proposals must be included in the Proxy Statement for the Company s 2011 Annual Meeting. For a proposal to be considered for inclusion in the Company s proxy materials for the Company s 2011 Annual Meeting of Shareholders, it must be received in writing by the Company on or before December 23, 2011 at its principal office, 401 Congress Ave, Suite 1650, Austin, Texas, 78701, Attention: Secretary. If the Company receives notice of a shareholder s intent to present a proposal at the Company s 2011 Annual Meeting after December 23, 2011, the Company will have the right to exercise discretionary voting authority with respect to such proposal, if presented at the meeting, without including information regarding such proposal in the Company s proxy materials. Shareholders who wish to submit a proposal at next year s Annual Meeting must submit notice of the proposal, in writing, to the Company at the address set forth above. Notwithstanding the foregoing, in the event that the Company changes the 2011 Annual Meeting more than 30 days from the date of this year s Annual Meeting, the Company will provide the deadline for submissions of shareholder proposals in an annual, quarterly or current report, so as to provide notice of such submission deadline to shareholders, which shall be a reasonable time before the Company begins to print and send its proxy materials.

Additionally, the Delaware Bylaws, if adopted, would establish advance notice requirements with regard to shareholder proposals. Generally, under the Delaware Bylaws, stockholders may submit proposals appropriate for stockholder action at the next Annual Meeting of Shareholders consistent with the rules and regulations of the SEC. For a proposal to be considered for inclusion in the Company s proxy materials for the Company s 2011 Annual Meeting of Shareholders, it must be received in writing by the Company on or before December 23, 2011 at its principal offices shown above.

The Delaware Bylaws will also establish advance notice requirements with regard to stockholder proposals not included in the Company s proxy materials to be brought before an Annual Meeting of Shareholders. Generally, our corporate secretary must receive notice of any such proposal not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding Annual Meeting of Shareholders (in case of the 2011 Annual Meeting of Shareholders, not before December 23, 2011 and not later than January 22, 2012) at our principal offices shown above. Such notice must include the information specified in Section 2.3 or 2.9, as the case may be, of the Delaware Bylaws.

Discretionary Voting of Proxies on Other Matters

The Board of Directors for the Company knows of no matters to be presented at the Annual Meeting other than those described in this Proxy Statement. In the event that other business properly comes before the meeting, the persons named as proxies will have discretionary authority to vote the shares represented by the accompanying proxy in accordance with their own judgment.

Incorporation by Reference

The Company s director and officer compensation information required pursuant to Item 8 of the SEC s proxy rules is incorporated herein by reference to the Company s Form 10-K filed with the SEC on August 30, 2010. The information that is incorporated by reference is available to the public over the Internet at the SEC s web site at http://www.sec.gov.

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OTHER MATTERS

We do not intend to bring any other matters before the Annual Meeting, nor are we aware of any other matters that are to be properly presented to the Annual Meeting by others. In the event that other matters do properly come before the Annual Meeting or any adjournments thereof, it is the intention of the persons named in the Proxy to vote such Proxy in accordance with their best judgment on such matters.

The Company s Annual Report on Form 10-K, including the Company s audited financial statements for the year ended June 30, 2010 is being distributed to all shareholders of record as of the record date.

By Order of the Board of Directors,

John M. Porter
Senior Vice President and Chief Financial Officer
and Secretary

Austin, Texas

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APPENDIX A

Washington Business Corporation Act
Chapter 23B.13 Dissenters Rights

23B.13.010
Definitions.

As used in this chapter:

(1) Corporation means the issuer of the shares held by a dissenter before the corporate action, or the surviving or acquiring corporation by merger or share exchange of that issuer.

(2) Dissenter means a shareholder who is entitled to dissent from corporate action under RCW 23B.13.020 and who exercises that right when and in the manner required by RCW 23B.13.200 through 23B.13.280.

(3) Fair value, with respect to a dissenter s shares, means the value of the shares immediately before the effective date of the corporate action to which the dissenter objects, excluding any appreciation or depreciation in anticipation of the corporate action unless exclusion would be inequitable.

(4) Interest means interest from the effective date of the corporate action until the date of payment, at the average rate currently paid by the corporation on its principal bank loans or, if none, at a rate that is fair and equitable under all the circumstances.

(5) Record shareholder means the person in whose name shares are registered in the records of a corporation or the beneficial owner of shares to the extent of the rights granted by a nominee certificate on file with a corporation.

(6) Beneficial shareholder means the person who is a beneficial owner of shares held in a voting trust or by a nominee as the record shareholder.

(7) Shareholder means the record shareholder or the beneficial shareholder.

[1989 c 165 § 140.]

23B.13.020
Right to dissent.

(1) A shareholder is entitled to dissent from, and obtain payment of the fair value of the shareholder s shares in the event of, any of the following corporate actions:

(a) A plan of merger, which has become effective, to which the corporation is a party (i) if shareholder approval was required for the merger by RCW 23B.11.030, 23B.11.080, or the articles of incorporation, and the shareholder was entitled to vote on the merger, or (ii) if the corporation was a subsidiary that has been merged with its parent under RCW 23B.11.040;

(b) A plan of share exchange, which has become effective, to which the corporation is a party as the corporation whose shares have been acquired, if the shareholder was entitled to vote on the plan;

(c) A sale or exchange, which has become effective, of all, or substantially all, of the property of the corporation other than in the usual and regular course of business, if the shareholder was entitled to vote on the sale or exchange, including a sale in dissolution, but not including a sale pursuant to court order or a sale for cash pursuant to a plan by which all or substantially all of the net proceeds of the sale will be distributed to the shareholders within one year after the date of sale;

(d) An amendment of the articles of incorporation, whether or not the shareholder was entitled to vote on the amendment, if the amendment effects a redemption or cancellation of all of the shareholder s shares in exchange for cash or other consideration other than shares of the corporation; or

(e) Any corporate action approved pursuant to a shareholder vote to the extent the articles of incorporation, bylaws, or a resolution of the board of directors provides that voting or nonvoting shareholders are entitled to dissent and obtain payment for their shares.

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(2) A shareholder entitled to dissent and obtain payment for the shareholder s shares under this chapter may not challenge the corporate action creating the shareholder s entitlement unless the action fails to comply with the procedural requirements imposed by this title, RCW 25.10.831 through 25.10.886, the articles of incorporation, or the bylaws, or is fraudulent with respect to the shareholder or the corporation.

(3) The right of a dissenting shareholder to obtain payment of the fair value of the shareholder s shares shall terminate upon the occurrence of any one of the following events:

(a) The proposed corporate action is abandoned or rescinded;

(b) A court having jurisdiction permanently enjoins or sets aside the corporate action; or

(c) The shareholder s demand for payment is withdrawn with the written consent of the corporation.

[2009 c 189 § 41; 2009 c 188 § 1404; 2003 c 35 § 9; 1991 c 269 § 37; 1989 c 165 § 141.]

Notes:

Reviser s note: This section was amended by 2009 c 188 § 1404 and by 2009 c 189 § 41, each without reference to the other. Both amendments are incorporated in the publication of this section under RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1). **Effective date 2009 c 188:** See note following RCW 23B.11.080.

23B.13.030
Dissent by nominees and beneficial owners.

(1) A record shareholder may assert dissenters rights as to fewer than all the shares registered in the shareholder s name only if the shareholder dissents with respect to all shares beneficially owned by any one person and delivers to the corporation a notice of the name and address of each person on whose behalf the shareholder asserts dissenters rights. The rights of a partial dissenter under this subsection are determined as if the shares as to which the dissenter dissents and the dissenter s other shares were registered in the names of different shareholders.

(2) A beneficial shareholder may assert dissenters rights as to shares held on the beneficial shareholder s behalf only if:

(a) The beneficial shareholder submits to the corporation the record shareholder s consent to the dissent not later than the time the beneficial shareholder asserts dissenters rights, which consent shall be set forth either (i) in a record or (ii) if the corporation has designated an address, location, or system to which the consent may be electronically transmitted and the consent is electronically transmitted to the designated address, location, or system, in an electronically transmitted record; and

(b) The beneficial shareholder does so with respect to all shares of which such shareholder is the beneficial shareholder or over which such shareholder has power to direct the vote.

[2002 c 297 § 35; 1989 c 165 § 142.]

23B.13.200
Notice of dissenters rights.

(1) If proposed corporate action creating dissenters rights under RCW 23B.13.020 is submitted for approval by a vote at a shareholders meeting, the meeting notice must state that shareholders are or may be entitled to assert dissenters

rights under this chapter and be accompanied by a copy of this chapter.

(2) If corporate action creating dissenters rights under RCW 23B.13.020 is submitted for approval without a vote of shareholders in accordance with RCW 23B.07.040, the shareholder consent described in RCW 23B.07.040(1)(b) and the notice described in RCW 23B.07.040(3)(a) must include a statement that shareholders are or may be entitled to assert dissenters rights under this chapter and be accompanied by a copy of this chapter.

[2009 c 189 § 42; 2002 c 297 § 36; 1989 c 165 § 143.]

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23B.13.210
Notice of intent to demand payment.

(1) If proposed corporate action creating dissenters rights under RCW 23B.13.020 is submitted to a vote at a shareholders meeting, a shareholder who wishes to assert dissenters rights must (a) deliver to the corporation before the vote is taken notice of the shareholder s intent to demand payment for the shareholder s shares if the proposed corporate action is effected, and (b) not vote such shares in favor of the proposed corporate action.

(2) If proposed corporate action creating dissenters rights under RCW 23B.13.020 is submitted for approval without a vote of shareholders in accordance with RCW 23B.07.040, a shareholder who wishes to assert dissenters rights must not execute the consent or otherwise vote such shares in favor of the proposed corporate action.

(3) A shareholder who does not satisfy the requirements of subsection (1) or (2) of this section is not entitled to payment for the shareholder s shares under this chapter.

[2009 c 189 § 43; 2002 c 297 § 37; 1989 c 165 § 144.]

23B.13.220
Dissenters rights Notice.

(1) If proposed corporate action creating dissenters rights under RCW 23B.13.020 is approved at a shareholders meeting, the corporation shall within ten days after the effective date of the corporate action deliver to all shareholders who satisfied the requirements of RCW 23B.13.210(1) a notice in compliance with subsection (3) of this section.

(2) If proposed corporate action creating dissenters rights under RCW 23B.13.020 is approved without a vote of shareholders in accordance with RCW 23B.07.040, the notice delivered pursuant to RCW 23B.07.040(3)(b) to shareholders who satisfied the requirements of RCW 23B.13.210(2) shall comply with subsection (3) of this section.

(3) Any notice under subsection (1) or (2) of this section must:

(a) State where the payment demand must be sent and where and when certificates for certificated shares must be deposited;

(b) Inform holders of uncertificated shares to what extent transfer of the shares will be restricted after the payment demand is received;

(c) Supply a form for demanding payment that includes the date of the first announcement to news media or to shareholders of the terms of the proposed corporate action and requires that the person asserting dissenters rights certify whether or not the person acquired beneficial ownership of the shares before that date;

(d) Set a date by which the corporation must receive the payment demand, which date may not be fewer than thirty nor more than sixty days after the date the notice in subsection (1) or (2) of this section is delivered; and

(e) Be accompanied by a copy of this chapter.

[2009 c 189 § 44; 2002 c 297 § 38; 1989 c 165 § 145.]

23B.13.230
Duty to demand payment.

(1) A shareholder sent a notice described in RCW 23B.13.220 must demand payment, certify whether the shareholder acquired beneficial ownership of the shares before the date required to be set forth in the notice pursuant to *RCW 23B.13.220(2)(c), and deposit the shareholder s certificates, all in accordance with the terms of the notice.

(2) The shareholder who demands payment and deposits the shareholder s share certificates under subsection (1) of this section retains all other rights of a shareholder until the proposed corporate action is effected.

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(3) A shareholder who does not demand payment or deposit the shareholder s share certificates where required, each by the date set in the notice, is not entitled to payment for the shareholder s shares under this chapter.

[2002 c 297 § 39; 1989 c 165 § 146.]

Notes:

***Reviser s note:** RCW 23B.13.220 was amended by 2009 c 189 § 44, changing subsection (2)(c) to subsection (3)(c).

23B.13.240
Share restrictions.

(1) The corporation may restrict the transfer of uncertificated shares from the date the demand for payment under RCW 23B.13.230 is received until the proposed corporate action is effected or the restriction is released under RCW 23B.13.260.

(2) The person for whom dissenters rights are asserted as to uncertificated shares retains all other rights of a shareholder until the effective date of the proposed corporate action.

[2009 c 189 § 45; 1989 c 165 § 147.]

23B.13.250
Payment.

(1) Except as provided in RCW 23B.13.270, within thirty days of the later of the effective date of the proposed corporate action, or the date the payment demand is received, the corporation shall pay each dissenter who complied with RCW 23B.13.230 the amount the corporation estimates to be the fair value of the shareholder s shares, plus accrued interest.

(2) The payment must be accompanied by:

(a) The corporation s balance sheet as of the end of a fiscal year ending not more than sixteen months before the date of payment, an income statement for that year, a statement of changes in shareholders equity for that year, and the latest available interim financial statements, if any;

(b) An explanation of how the corporation estimated the fair value of the shares;

(c) An explanation of how the interest was calculated;

(d) A statement of the dissenter s right to demand payment under RCW 23B.13.280; and

(e) A copy of this chapter.

[1989 c 165 § 148.]

23B.13.260
Failure to take corporate action.

(1) If the corporation does not effect the proposed corporate action within sixty days after the date set for demanding payment and depositing share certificates, the corporation shall return the deposited certificates and release any transfer restrictions imposed on uncertificated shares.

(2) If after returning deposited certificates and releasing transfer restrictions, the corporation wishes to effect the proposed corporate action, it must send a new dissenters notice under RCW 23B.13.220 and repeat the payment demand procedure.

[2009 c 189 § 46; 1989 c 165 § 149.]

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23B.13.270
After-acquired shares.

(1) A corporation may elect to withhold payment required by RCW 23B.13.250 from a dissenter unless the dissenter was the beneficial owner of the shares before the date set forth in the dissenters notice as the date of the first announcement to news media or to shareholders of the terms of the proposed corporate action.

(2) To the extent the corporation elects to withhold payment under subsection (1) of this section, after the effective date of the proposed corporate action, it shall estimate the fair value of the shares, plus accrued interest, and shall pay this amount to each dissenter who agrees to accept it in full satisfaction of the dissenter s demand. The corporation shall send with its offer an explanation of how it estimated the fair value of the shares, an explanation of how the interest was calculated, and a statement of the dissenter s right to demand payment under RCW 23B.13.280.

[2009 c 189 § 47; 1989 c 165 § 150.]

23B.13.280
Procedure if shareholder dissatisfied with payment or offer.

(1) A dissenter may deliver a notice to the corporation informing the corporation of the dissenter s own estimate of the fair value of the dissenter s shares and amount of interest due, and demand payment of the dissenter s estimate, less any payment under RCW 23B.13.250, or reject the corporation s offer under RCW 23B.13.270 and demand payment of the dissenter s estimate of the fair value of the dissenter s shares and interest due, if:

(a) The dissenter believes that the amount paid under RCW 23B.13.250 or offered under RCW 23B.13.270 is less than the fair value of the dissenter s shares or that the interest due is incorrectly calculated;

(b) The corporation fails to make payment under RCW 23B.13.250 within sixty days after the date set for demanding payment; or

(c) The corporation does not effect the proposed corporate action and does not return the deposited certificates or release the transfer restrictions imposed on uncertificated shares within sixty days after the date set for demanding payment.

(2) A dissenter waives the right to demand payment under this section unless the dissenter notifies the corporation of the dissenter s demand under subsection (1) of this section within thirty days after the corporation made or offered payment for the dissenter s shares.

[2009 c 189 § 48; 2002 c 297 § 40; 1989 c 165 § 151.]

23B.13.300
Court action.

(1) If a demand for payment under RCW 23B.13.280 remains unsettled, the corporation shall commence a proceeding within sixty days after receiving the payment demand and petition the court to determine the fair value of the shares and accrued interest. If the corporation does not commence the proceeding within the sixty-day period, it shall pay each dissenter whose demand remains unsettled the amount demanded.

(2) The corporation shall commence the proceeding in the superior court of the county where a corporation s principal office, or, if none in this state, its registered office, is located. If the corporation is a foreign corporation without a

registered office in this state, it shall commence the proceeding in the county in this state where the registered office of the domestic corporation merged with or whose shares were acquired by the foreign corporation was located.

(3) The corporation shall make all dissenters, whether or not residents of this state, whose demands remain unsettled, parties to the proceeding as in an action against their shares and all parties must be served with a copy of the petition. Nonresidents may be served by registered or certified mail or by publication as provided by law.

(4) The corporation may join as a party to the proceeding any shareholder who claims to be a dissenter but who has not, in the opinion of the corporation, complied with the provisions of this chapter. If the court determines that such shareholder has not complied with the provisions of this chapter, the shareholder shall be dismissed as a party.

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(5) The jurisdiction of the court in which the proceeding is commenced under subsection (2) of this section is plenary and exclusive. The court may appoint one or more persons as appraisers to receive evidence and recommend decision on the question of fair value. The appraisers have the powers described in the order appointing them, or in any amendment to it. The dissenters are entitled to the same discovery rights as parties in other civil proceedings.

(6) Each dissenter made a party to the proceeding is entitled to judgment (a) for the amount, if any, by which the court finds the fair value of the dissenter s shares, plus interest, exceeds the amount paid by the corporation, or (b) for the fair value, plus accrued interest, of the dissenter s after-acquired shares for which the corporation elected to withhold payment under RCW 23B.13.270.

[1989 c 165 § 152.]

23B.13.310
Court costs and counsel fees.

(1) The court in a proceeding commenced under RCW 23B.13.300 shall determine all costs of the proceeding, including the reasonable compensation and expenses of appraisers appointed by the court. The court shall assess the costs against the corporation, except that the court may assess the costs against all or some of the dissenters, in amounts the court finds equitable, to the extent the court finds the dissenters acted arbitrarily, vexatiously, or not in good faith in demanding payment under RCW 23B.13.280.

(2) The court may also assess the fees and expenses of counsel and experts for the respective parties, in amounts the court finds equitable:

(a) Against the corporation and in favor of any or all dissenters if the court finds the corporation did not substantially comply with the requirements of RCW 23B.13.200 through 23B.13.280; or

(b) Against either the corporation or a dissenter, in favor of any other party, if the court finds that the party against whom the fees and expenses are assessed acted arbitrarily, vexatiously, or not in good faith with respect to the rights provided by chapter 23B.13 RCW.

(3) If the court finds that the services of counsel for any dissenter were of substantial benefit to other dissenters similarly situated, and that the fees for those services should not be assessed against the corporation, the court may award to these counsel reasonable fees to be paid out of the amounts awarded the dissenters who were benefited.

[1989 c 165 § 153.]

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APPENDIX B

ASTROTECH CORPORATION

2011 STOCK INCENTIVE PLAN

(As Effective April 20, 2011)

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ASTROTECH CORPORATION
2011 STOCK INCENTIVE PLAN

SECTION 1.

GENERAL PROVISIONS RELATING TO
PLAN GOVERNANCE, COVERAGE AND BENEFITS

1.1 Background and Purpose

Astrotech Corporation., a Washington corporation (the **Company**), has adopted this plan document, entitled Astrotech Corporation 2011 Stock Incentive Plan (the **Plan**), effective as of March 5, 2011 (the **Effective Date**).

The purpose of the Plan is to foster and promote the long-term financial success of the Company and to increase stockholder value by: (a) encouraging the commitment of selected key Employees, Consultants and Outside Directors, (b) motivating superior performance of key Employees, Consultants and Outside Directors by means of long-term performance related incentives, (c) encouraging and providing key Employees, Consultants and Outside Directors with a program for obtaining ownership interests in the Company which link and align their personal interests to those of the Company s stockholders, (d) attracting and retaining key Employees, Consultants and Outside Directors by providing competitive compensation opportunities, and (e) enabling key Employees, Consultants and Outside Directors to share in the long-term growth and success of the Company.

The Plan provides for payment of various forms of compensation. It is not intended to be a plan that is subject to the Employee Retirement Income Security Act of 1974, as amended (**ERISA**). The Plan will be interpreted, construed and administered consistent with its status as a plan that is not subject to ERISA.

The Plan will remain in effect, subject to the right of the Board to amend or terminate the Plan at any time pursuant to Section 7.7, until all Shares subject to the Plan have been purchased or acquired according to its provisions. However, in no event may an Incentive Award be granted under the Plan after the expiration of ten (10) years from the Effective Date.

1.2 Definitions

The following terms shall have the meanings set forth below:

(a) Authorized Officer. The Chairman of the Board, the CEO or any other senior officer of the Company to whom either of them delegate the authority to execute any Incentive Agreement for and on behalf of the Company. No officer or director shall be an Authorized Officer with respect to any Incentive Agreement for himself.

(b) Board. The then-current Board of Directors of the Company.

(c) Cause. When used in connection with the termination of a Grantee s Employment, shall mean the termination of the Grantee s Employment by the Company or any Subsidiary by reason of (i) the conviction of the Grantee by a court of competent jurisdiction as to which no further appeal can be taken of a crime involving moral turpitude or a felony; (ii) the commission by the Grantee of a material act of fraud upon the Company or any Subsidiary, or any customer or supplier thereof; (iii) the misappropriation of any funds or property of the Company or any Subsidiary, or any customer or supplier thereof; (iv) the willful and continued failure by the Grantee to perform the material duties assigned to him that is not cured to the reasonable satisfaction of the Company within 30 days after written notice of such failure is provided to Grantee by the Board or CEO (or by another officer of the Company or a Subsidiary who

has been designated by the Board or CEO for such purpose); (v) the engagement by the Grantee in any direct and material conflict of interest with the Company or any Subsidiary without compliance with the Company s or Subsidiary s conflict of interest policy, if any, then in effect; or (vi) the engagement by the Grantee, without the written approval of the Board or CEO, in any material activity which competes with the business of the Company or any Subsidiary or which would result in a material injury to the business, reputation or goodwill of the Company or any Subsidiary.

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(d) CEO. The then-current Chief Executive Officer of the Company.

(e) Change in Control. Any of the events described in and subject to Section 6.8.

(f) Code. The Internal Revenue Code of 1986, as amended, and the regulations and other authority promulgated thereunder by the appropriate governmental authority. References herein to any provision of the Code shall refer to any successor provision thereto.

(g) Committee. The committee appointed by the Board to administer the Plan. If the Company is a Publicly Held Corporation, the Plan shall be administered by the Committee appointed by the Board consisting of not less than two directors who fulfill the nonemployee director requirements of Rule 16b-3 under the Exchange Act and the outside director requirements of Code Section 162(m). In either case, the Committee may be the Compensation Committee of the Board, or any subcommittee of the Compensation Committee, provided that the members of the Committee satisfy the requirements of the previous provisions of this paragraph.

The Board shall have the power to fill vacancies on the Committee arising by resignation, death, removal or otherwise. The Board, in its sole discretion, may bifurcate the powers and duties of the Committee among one or more separate committees, or retain all powers and duties of the Committee in a single Committee. The members of the Committee shall serve at the discretion of the Board.

Notwithstanding the preceding paragraphs of this Section 1.2(g), the term Committee as used in the Plan with respect to any Incentive Award for an Outside Director shall refer to the entire Board. In the case of an Incentive Award for an Outside Director, the Board shall have all the powers and responsibilities of the Committee hereunder as to such Incentive Award, and any actions as to such Incentive Award may be acted upon only by the Board (unless it otherwise designates in its discretion). When the Board exercises its authority to act in the capacity as the Committee hereunder with respect to an Incentive Award for an Outside Director, it shall so designate with respect to any action that it undertakes in its capacity as the Committee.

(h) Common Stock. The common stock of the Company, no par value, and any class of common stock into which such common shares may hereafter be converted, reclassified or recapitalized.

(i) Company. Astrotech Corporation, a corporation organized under the laws of the State of Washington, and any successor in interest thereto.

(j) Consultant. An independent agent, consultant, attorney, an individual who has agreed to become an Employee within the next six months, or any other individual who is not an Outside Director or an Employee and who, in the opinion of the Committee, is (i) in a position to contribute to the growth or financial success of the Company (or any Parent or Subsidiary), (ii) is a natural person and (iii) provides *bona fide* services to the Company (or any Parent or Subsidiary), which services are not in connection with the offer or sale of securities in a capital raising transaction, and do not directly or indirectly promote or maintain a market for the Company s securities.

(k) Covered Employee. A named executive officer who is one of the group of covered employees, as defined in Code Section 162(m) and Treasury Regulation Section 1.162-27(c) (or its successor), during any period that the Company is a Publicly Held Corporation.

(l) Disability. As determined by the Committee in its discretion exercised in good faith, a physical or mental condition of the Grantee that would entitle him to payment of disability income payments under the Company s long term disability insurance policy or plan for employees, as then effective, if any; or in the event that the Grantee is not covered, for whatever reason, under the Company s long-term disability insurance policy or plan, Disability means a

permanent and total disability as defined in Code Section 22(e)(3). A determination of Disability may be made by a physician selected or approved by the Committee and, in this respect, the Grantee shall submit to any reasonable examination(s) required in the opinion of such physician.

(m) Employee. Any employee of the Company (or any Parent or Subsidiary) within the meaning of Code Section 3401(c) including, without limitation, officers who are members of the Board.

(n) Employment. Employment means that the individual is employed as an Employee, or engaged as a Consultant or Outside Director, by the Company (or any Parent or Subsidiary), or by any corporation issuing or

assuming an Incentive Award in any transaction described in Code Section 424(a), or by a parent corporation or a subsidiary corporation of such corporation issuing or assuming such Incentive Award, as the parent-subsidiary relationship shall be determined at the time of the corporate action described in Code Section 424(a). In this regard, neither the transfer of a Grantee from Employment by the Company to Employment by any Parent or Subsidiary, nor the transfer of a Grantee from Employment by any Parent or Subsidiary to Employment by the Company, shall be deemed to be a termination of Employment of the Grantee. Moreover, the Employment of a Grantee shall not be deemed to have been terminated because of an approved leave of absence from active Employment on account of temporary illness, authorized vacation or granted for reasons of professional advancement, education, or health, or during any period required to be treated as a leave of absence by virtue of any applicable statute, Company personnel policy or written agreement.

The term Employment for purposes of the Plan shall include (i) active performance of agreed services by a Consultant for the Company (or any Parent or Subsidiary) or (ii) current membership on the Board by an Outside Director.

All determinations hereunder regarding Employment, and termination of Employment, shall be made by the Committee in its discretion.

(o) Exchange Act. The Securities Exchange Act of 1934, as amended.

(p) Fair Market Value. If the Company is a Publicly Held Corporation, the Fair Market Value of one Share on the date in question shall be (i) the closing sales price on such day for a Share as quoted on the National Association of Securities Dealers Automated Quotation System (NASDAQ) or the national securities exchange on which Shares are then principally listed or admitted to trading, or (ii) if not quoted on NASDAQ or other national securities exchange, the average of the closing bid and asked prices for a Share as quoted by the National Quotation Bureau s Pink Sheets or the National Association of Securities Dealers OTC Bulletin Board System. If there was no public trade of Common Stock on the date in question, Fair Market Value shall be determined by reference to the last preceding date on which such a trade was so reported.

If the Company is not a Publicly Held Corporation at the time a determination of the Fair Market Value of the Common Stock is required to be made hereunder, the determination of Fair Market Value for purposes of the Plan shall be made by the Committee in its discretion. In this respect, the Committee may rely on such financial data, appraisals, valuations, experts, and other sources as, in its sole and absolute discretion, it deems advisable under the circumstances. With respect to Stock Options, SARs, and other Incentive Awards subject to Code Section 409A, such Fair Market Value shall be determined by the Committee consistent with the requirements of Section 409A in order to satisfy the exception under Section 409A for stock rights.

(q) Grantee. Any Employee, Consultant or Outside Director who is granted an Incentive Award under the Plan.

(r) Immediate Family. With respect to a Grantee, the Grantee s child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships.

(s) Incentive Agreement. The written agreement entered into between the Company and the Grantee setting forth the terms and conditions pursuant to which an Incentive Award is granted under the Plan, as such agreement is further defined in Section 6.1.

(t) Incentive Award. A grant of an award under the Plan to a Grantee, including any Nonstatutory Stock Option, Incentive Stock Option (ISO), Stock Appreciation Right (SAR), Restricted Stock Award, Restricted Stock Unit or Other Stock-Based Award, as well as any Supplemental Payment with respect thereto.

(u) Incentive Stock Option or ISO. A Stock Option granted by the Committee to an Employee under Section 2 which is designated by the Committee as an Incentive Stock Option and intended to qualify as an Incentive Stock Option under Code Section 422.

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(v) Insider. If the Company is a Publicly Held Corporation, an individual who is, on the relevant date, an officer, director or ten percent (10%) beneficial owner of any class of the Company s equity securities that is registered pursuant to Section 12 of the Exchange Act, all as defined under Section 16 of the Exchange Act.

(w) Nonstatutory Stock Option. A Stock Option granted by the Committee to a Grantee under Section 2 that is not designated by the Committee as an Incentive Stock Option.

(x) Option Price. The exercise price at which a Share may be purchased by the Grantee of a Stock Option.

(y) Other Stock-Based Award. An award granted by the Committee to a Grantee under Section 4.1 that is valued in whole or in part by reference to, or is otherwise based upon, Common Stock.

(z) Outside Director. A member of the Board who is not, at the time of grant of an Incentive Award, an employee of the Company or any Parent or Subsidiary.

(aa) Parent. Any corporation (whether now or hereafter existing) which constitutes a parent of the Company, as defined in Code Section 424(e).

(bb) Performance-Based Award. A grant of an Incentive Award under the Plan pursuant to Section 5 that is intended to satisfy the Performance-Based Exception.

(cc) Performance-Based Exception. The performance-based exception from the tax deductibility limitations of Code Section 162(m), as prescribed in Code Section 162(m) and Treasury Regulation Section 1.162-27(e) (or its successor), which is applicable during such period that the Company is a Publicly Held Corporation.

(dd) Performance Criteria. The business criteria that are specified by the Committee pursuant to Section 5 for an Incentive Award that is intended to qualify for the Performance-Based Exception; the satisfaction of such business criteria during the Performance Period being required for the grant and/or vesting of the particular Incentive Award to occur, as specified in the particular Incentive Agreement.

(ee) Performance Per