

ASTROTECH Corp \WA\  
Form DEF 14A  
January 26, 2010

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A  
(Rule 14a-101)  
Schedule 14A Information  
Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- 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):

No fee required

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1. Amount Previously Paid:

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**NOTICE OF 2009 ANNUAL MEETING OF SHAREHOLDERS**

January 26, 2010

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 March 5, 2010, 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 PMB Helin Donovan, LLP as independent registered public accountants for the Company; (iii) to approve the Astrotech Corporation 2010 Stock Incentive Plan; and (iv) 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 January 15, 2010 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, as amended. Voting can be completed by returning the proxy card, through the telephone at 1-866-390-5376 or online at [www.proxypush.com/ASTC](http://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/A on October 29, 2009, 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 March 5, 2010: the proxy statement and Form 10-K, as amended, are available at [www.proxydocs.com/ASTC](http://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 March 5, 2010 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 2009 Form 10-K (as amended) are first being mailed to shareholders on or about January 26, 2010.

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 (the Board ).
- (ii) To ratify the appointment of PMB Helin Donovan, LLP as independent registered public accountants for the Company;
- (iii) To approve the Astrotech Corporation s 2010 Stock Incentive Plan; and
- (iv) To transact any other business properly brought before the meeting or postponement and any adjournment thereof.

**Internet Availability of Proxy Materials**

This year, in addition to mailing paper copies of the Company s proxy statement and annual report on Form 10-K (as amended), Astrotech is making these materials available to its shareholders via the Internet. The proxy statement and annual report on Form 10-K (as amended) are available free of charge for viewing or printing at [www.proxydocs.com/ASTC](http://www.proxydocs.com/ASTC).

**Record Date and Voting Securities**

The Board of Directors has fixed the close of business on January 15, 2010 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting or postponement and any adjournment thereof. As of the record date, there were 19,020,223 shares of Astrotech s common stock outstanding, no par value per share, including 2,404,059 shares of restricted stock with voting rights. Holders of common stock are entitled to notice of the Annual Meeting and to one vote per share 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. Mark Adams and Mr. Thomas B. Pickens, III, or each acting individually, are the persons named as proxies on the proxy card accompanying this proxy statement, and are who the Board of Directors have selected to serve in such capacity. Mr. Adams is a member of the Board of Directors and 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.

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### **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
3. Accessing the internet voting site at [www.proxypush.com/ASTC](http://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 must be submitted by 5:00 p.m. (Eastern Time) on March 4, 2010 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 persons named as proxies in accordance with the recommendations of the Board of Directors contained in this proxy statement.

### **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.

### **Vote Required for Auditor Ratification and the 2010 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 PMB Helin Donovan, LLP as independent registered public accountants for the Company (Proposal 2) and to approve the 2010 Stock Incentive Plan (Proposal 3).

**Abstentions will be the equivalent of an Against vote for Proposals 2 and 3.**

### **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 election of directors or 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. **Accordingly, broker non-votes will have no effect on determinations of plurality for Proposal 1. Broker non-votes 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 on Proposals 2 and 3.**

### **Form 10-K**

Shareholders may obtain, without charge, a copy of the Company's 2009 Annual Report on Form 10-K for the fiscal year ended June 30, 2009 as filed with the Securities and Exchange Commission (SEC) on September 28, 2009 and amended on October, 29 2009. 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](http://www.sec.gov) and through the Company's website at [www.astrotechcorp.com](http://www.astrotechcorp.com). Please refer to the Company's Amendment 1 filed on Form 10-K/A on October 29, 2009, which has been incorporated herein by reference, for the Company's officer and director compensation information, including the Company's compensation discussion and analysis.



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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 Board members 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](http://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](http://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 Officers is available on the Company's website at [www.astrotechcorp.com](http://www.astrotechcorp.com) and is available to the Company's shareholders upon request. The Code of Ethics for Senior Financial Officers 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 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 senior ethics and compliance office executive, communicated to the Company's Audit

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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.

**Committees of the Board of Directors.**

During fiscal year 2009, the Board of Directors had three standing committees: an Audit Committee, a Compensation Committee and a Corporate Governance and Nominating Committee. Each such committee currently consists of three persons and each member of the Audit, Compensation and Corporate Governance and Nominating Committees are required at the minimum to meet the independence requirements of the Nasdaq'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, 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](http://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](http://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 2009 the Corporate Governance and Nominating Committee consisted of Mr. Adams (Chairman), Ms. Manning and Mr. Oliva. During fiscal year 2009, the Corporate Governance and Nominating Committee met twice.

***Director Nomination Process***

Astrotech's six director nominees were approved by the Board of Directors in January 2010 after considering the recommendation of the Corporate Governance and Nominating Committee. The Company's Articles of 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 balance of the business experience on the Board of Directors as a whole; and  
the need for specific expertise on the Board of Directors.

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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.

All six of the director nominees set forth in this Proxy Statement are current directors standing for re-election. Mr. R. Scott Nieboer resigned from the Board of Directors in September 2009 and is not standing for re-election at the 2009 Annual Meeting.

For purposes of the 2010 Annual Meeting, the Governance and Nominating Committee will consider any nominations received by the Secretary from a shareholder of record on or before September 27, 2010 (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. If elected, 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](http://www.astrotechcorp.com). The Audit Committee is responsible for appointing and compensating a firm of independent registered public accountants to audit the Company's financial statements, as well as oversight of the performance and review of the scope of the audit performed by the Company's independent registered public accountants. The Audit Committee also reviews audit plans and procedures, changes in accounting policies, and the use of the independent registered public accountants for non-audit services. As of the end of fiscal year 2009, the Audit Committee consisted of Mr. Oliva (Chairman), Mr. Adams, and Mr. Nieboer. During fiscal year 2009, the Audit Committee met five times. The Board of Directors has determined that John A. Oliva met the qualification guidelines as an audit committee financial expert as such term is defined in Item 407(d)(5)(ii) of Regulation S-K promulgated by the SEC.

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

### ***Audit Committee Pre-Approval Policy and Procedures***

The Audit Committee is responsible for appointing, setting compensation for, and overseeing the work of PMB Helin Donovan, LLP, 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



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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](http://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 2009, the Compensation Committee consisted of Mr. Adams (Chairman), Mr. Readdy, and Mr. Oliva. During fiscal year 2009, the Compensation Committee met twice.

The report of the Compensation Committee is set forth in the Form 10-K/A filed with the SEC on October 29, 2009. *Compensation Committee Interlocks and Insider Participation*. Mr. Adams is President and Chief Executive Officer of Advocate MD Financial Group, Inc. (Advocate). During fiscal 2009, Mr. Pickens served on the Board of Directors of Advocate; however, Mr. Pickens did not serve as a member of the Compensation Committee of Advocate. As of November 2009, Mr. Pickens was no longer a member of the Advocate Board of Directors.

***The Executive Committee***

Subsequent to fiscal year 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 once.

**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 February 10, 2009.

**Section 16(a) Beneficial Ownership Reporting Compliance**

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

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**PROPOSAL 1 ELECTION OF DIRECTORS**

A Board of six directors will 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.

Information regarding the nominees for whom the enclosed proxy is intended to be voted is set forth on the following pages. It is expected that all nominees will be available for election, but if one or more is not, the proxy will be voted in accordance with the best judgment of the proxy holder for such person or persons as may be designated by the Board of Directors unless the shareholder has directed otherwise.

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, Lance W. Lord, John A. Oliva, William F. Readdy, and Sha-Chelle Manning to the Board of Directors to serve as directors until the 2010 Annual Meeting of Shareholders. Each nominee has agreed to serve if elected.

Four of the six director nominees (indicated by asterisk in the following Table of Information About Directors, Nominees and Executive Officers ) 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 2009. 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 three regularly scheduled meetings during fiscal 2009 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  
Mark Adams  
Lance W. Lord  
John A. Oliva  
William F. Readdy  
Sha-Chelle Manning



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The following table shows information as of January 1, 2010 regarding members of the Company's Board of Directors:

<b>Current Directors</b>	<b>Principal Occupation</b>	<b>Age as of January 1, 2010</b>	<b>Director Since</b>
Thomas B. Pickens, III	Chairman and Chief Executive Officer of Astrotech Corporation	52	2004
Mark Adams*	Founder, President and CEO, Advocate MD Financial Group, Inc.	48	2007
General (Ret.) Lance W. Lord	Chief Executive Officer, Astrotech Space Operations; CEO, Lance Lord and Associates, LLC	63	2008
John A. Oliva*	Managing Principal, Capital City Advisors, Inc.	54	2008
William F. Readdy*	Founder, Discovery Partners, International LLC	58	2008
Sha-Chelle Manning*	Managing Director, Nanoholdings LLC	41	2009

\* Indicates an independent director

**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.

**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 cutting edge health insurance company for small businesses. Mr. Adams founded Sozo Global, LLC, a rapidly expanding network marketing functional beverage company. Mr. Adams is the winner of the

2008 Prestigious Ernst and Young Entrepreneur of the Year Award for Central Texas. After his career with global public companies such as Xerox and Johnson & Johnson (1985-1988), beginning in 1988, Mr. Adams then spent the next 12 years at Bostik Adhesives where he served in senior management, sales and strategic business 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 Nitta-Findley Company based in Osaka, Japan and later joined Ward Adhesives, Inc. as a minority owner, General Manager, and Vice President of

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Sales and Marketing. Mr. Adams currently serves as a Director for several public and private companies, as well as a board member for multiple nonprofit organizations. Mr. Adams is also an advisory board member for the McCoy College of Business at Texas State University.

**General (Ret.) Lance W. Lord**

Lance W. Lord, former Commander, Air Force Space Command, Peterson Air Force Base, Colorado, served in the Air Force from 1969 until his retirement in April 2006. He was responsible for the development, acquisition and operation of the Air Force's space and missile systems. The general oversaw a global network of satellite command and control, communications, missile warning and launch facilities, and ensured the combat readiness of America's intercontinental ballistic missile force. He led more than 39,700 space professionals who provide combat forces and capabilities to North American Aerospace Defense Command and U.S. Strategic Command. Since his retirement in April 2006, Mr. Lord has been a defense policy and strategic planning consultant through his company, Lance Lord and Associates, LLC. Mr. Lord also serves as a director on the board of Sletten Construction Company, as a senior advisor to the Four Star Group, on the senior advisory board of Desktop Alert and on the board of trustees of Memorial Hospital in Colorado Springs, Colorado. Also, Mr. Lord is a member of the President's Commission on Space Based Position, Navigation and Training, a member of the board of Home Front Cares, a member of the board of Colorado Consortium for Earth and Space Sciences Education, Vice President of the Association of Air Force Missileers, and a member and trustee of the Falcon Foundation. Mr. Lord has been the Chief Executive Officer of the Company's Astrotech subsidiary since June 2008.

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

**John A. Oliva**

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

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

**William F. Readdy**

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

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

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



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

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

### **Sha-Chelle Manning**

Since September 1, 2008, Sha-Chelle Manning has been Managing Director of Nanoholdings LLC, a company that commercializes scientific breakthroughs in nanotechnology that solve energy efficiency challenges with some of the world's best scientists and universities. From January 2007 to December 31, 2008, Ms. Manning was Vice-President at Authentix, a Carlyle company that is the leader in authentication solutions for Fortune 500 companies and governments around the world for brand protection, excise tax recovery, and authentication of security documents and pharmaceutical drugs. From September 2005 to April 2007, Ms. Manning was a consultant to the Office of the Governor of Texas, Rick Perry, where she led the development of the Texas nanotechnology strategic plan. Prior to these assignments, Ms. Manning was Director of Alliances at Zyvex Corporation from August 2002 to September 2005, where she was responsible for the commercialization of nanotechnology products introduced and sold into the marketplace in partnership with key government agencies and industry. Ms. Manning also served as a Vice President for Winstar Communications New Media.

### **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.

Our 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'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;

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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

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; and Sha-Chelle Manning. 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:

<b>Name</b>	<b>Position(s)</b>	<b>Age as of Jan 1, 2010</b>	<b>With Company Since</b>
John M. Porter	Senior Vice President, Chief Financial Officer and Secretary	37	2008
James D. Royston	President	45	2000
Don M. White	Senior Vice President, GM of Astrotech Space Operations	46	2005

**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.





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**James D. Royston**

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

**Don M. White**

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

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

**Table of Contents****SECURITY OWNERSHIP OF DIRECTORS, EXECUTIVE OFFICERS AND PRINCIPAL SHAREHOLDERS**

The following table sets forth as of January 1, 2010, 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	Shares	Total	Percentage of Class <sup>(1)</sup>
	Beneficial Ownership #	Subject to Options		
<b>Common Stock</b>				
SMH Capital Advisors, Inc. <sup>(2)</sup>	4,809,861		4,809,861	28.6%
Bruce & Co., Inc. <sup>(3)</sup>	1,370,073		1,370,073	8.2%
Astrium GmbH <sup>(4)</sup>	1,099,245		1,099,245	6.5%
<b>Non-Employee Directors:</b>				
Mark Adams <sup>(5)</sup>	685,000	7,250	692,250	4.1%
John A. Oliva <sup>(6)</sup>	170,000	6,250	176,250	1.0%
William F. Readdy <sup>(7)</sup>	135,000	6,250	141,250	*
Sha-Chelle Devlin Manning <sup>(8)</sup>	135,000		135,000	*
<b>Named Executive Officers:</b>				
Thomas B. Pickens, III <sup>(9)</sup>	1,850,000	102,000	1,952,000	11.6%
John M. Porter <sup>(10)</sup>	300,000	100,000	400,000	2.4%
James D. Royston <sup>(11)</sup>	300,000	80,900	380,900	2.3%
General (Ret.) Lance W. Lord <sup>(12)</sup>	275,000	87,500	362,500	2.2%
Don M. White <sup>(13)</sup>	75,000	22,300	97,300	*
<b>All Directors and Named Executive Officers as a Group (9 persons)</b>	<b>3,925,000</b>	<b>412,450</b>	<b>4,337,450</b>	<b>25.8%</b>

\* 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 September 30, 2009, we had 16,747,718 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 July 20,  
2009.

(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  
160,000 shares  
of unvested  
restricted stock.

(6) Includes  
163,750 shares  
of unvested  
restricted stock.

(7) Includes  
128,750 shares

of unvested  
restricted stock.

(8) Includes  
135,000 shares  
of unvested  
restricted stock.

(9) Includes  
750,000 shares  
of unvested  
restricted stock.

(10) Includes  
300,000 shares  
of unvested  
restricted stock.

(11) Includes  
200,000 shares  
of unvested  
restricted stock.

(12) Includes  
243,750 shares  
of unvested  
restricted stock.

(13) Includes 75,000  
shares of  
unvested  
restricted stock.

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**Subsidiary Stock Issuance to Named Executive Officers**

*1st Detect Stock Issuance*

On January 19, 2010, an independent committee of the board of directors of 1st Detect Corporation ( 1st Detect ), a subsidiary of the Astrotech Corporation (the Company ), approved a grant of restricted stock and warrants to certain officers, directors and employees of 1st Detect pursuant to restricted stock agreements and stock purchase warrants between 1st Detect and each such individual.

The awards will vest as follows, subject to earlier vesting upon the grantee s death or disability or in the event of a change of control of the Company: 50% on the first anniversary of the grant date and 50% on the second anniversary of the grant date. The restricted stock agreements and stock purchase warrants provide for forfeiture of unvested stock if the recipient is terminated or voluntarily ceases to perform services for 1st Detect, immediate vesting upon a change of control, and restrictions on and requirements as to transfer. The stock purchase warrants have an exercise price equal to the fair market value of 1st Detect s common stock on the date of grant as determined by an independent valuation firm.

The number of shares and warrants underlying each award to a named executive officer is as follows: Thomas B. Pickens III: 300 shares, 680 warrants; John Porter: 200 shares, 180 warrants. If all of the shares issued pursuant to the restricted stock agreements vest and all of the stock purchase warrants are exercised, then Thomas B. Pickens III would hold 9.8%, John Porter would hold 3.8% and the Company would hold 70% of the outstanding shares of 1st Detect based on the number of fully-diluted shares as of the date of the grants.

*Astrogenetix Stock Issuance*

On January 19, 2010, an independent committee of the board of directors of Astrogenetix, Inc. ( Astrogenetix ), a subsidiary of the Company, approved a grant of restricted stock and warrants to certain officers, directors and employees of Astrogenetix pursuant to restricted stock agreements and stock purchase warrants between Astrogenetix and each such individual.

The awards will vest as follows, subject to earlier vesting upon the grantee s death or disability or in the event of a change of control of the Company: 50% on the first anniversary of the grant date and 50% on the second anniversary of the grant date. The restricted stock agreements and stock purchase warrants provide for forfeiture of unvested stock if the recipient is terminated or voluntarily ceases to perform services for Astrogenetix, immediate vesting upon a change of control, and restrictions on and requirements as to transfer. The stock purchase warrants have an exercise price equal to the fair market value of Astrogenetix s common stock on the date of grant as determined by an independent valuation firm.

The number of shares and warrants underlying each award to a named executive officer is as follows: Thomas B. Pickens III: 500 shares, 1,000 warrants; John Porter: 400 shares, 800 warrants; James D. Royston: 300 shares. If all of the shares issued pursuant to the restricted stock agreements vest and all of the stock purchase warrants are exercised, then Thomas B. Pickens III would hold 15%, John Porter would hold 12%, James D. Royston would hold 3% and the Company would hold 60% of the outstanding shares of Astrogenetix based on the number of fully-diluted shares as of the date of the grants.

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**PROPOSAL 2 APPOINTMENT OF INDEPENDENT REGISTERED  
PUBLIC ACCOUNTANTS**

The Audit Committee has appointed the firm of PMB Helin Donovan, LLP as independent registered public accountants for fiscal year 2010. 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.

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. The Sarbanes-Oxley Act of 2002 states the Audit Committee is solely responsible for the appointment, compensation and oversight of the independent auditor. Astrotech believes that it is sound corporate governance to submit the matter to shareholder vote. As such, the Audit Committee will consider the appointment of other independent registered public accountants if the shareholders choose not to ratify the appointment of PMB Helin Donovan, LLP. Additionally, the Audit Committee may terminate the appointment of PMB Helin Donovan, LLP as the Company's independent registered public accountants without the approval of the shareholders whenever the Audit Committee deems such termination appropriate.

In making its recommendation to ratify the appointment of PMB Helin Donovan, LLP as the Company's independent registered public accountants for the fiscal year ending June 30, 2010, the Audit Committee has considered whether the provision of non-audit services by PMB Helin Donovan, LLP is compatible with maintaining the independence of PMB Helin Donovan, LLP. During fiscal year 2009, PMB Helin Donovan, LLP did not provide any non-audit services to Astrotech.

Representatives of PMB Helin Donovan, 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 Fees**

The aggregate fees billed for each of the last two fiscal years for professional services rendered by PMB Helin Donovan, LLP for the audit of the Company's annual financials and review of financials contained in the Company's quarterly reports were \$161,000 for fiscal year ended June 30, 2009 and \$146,000 for fiscal year ended June 30, 2008.

**Audit-Related Fees**

There were no audit-related fees billed by or to be billed by the PMB Helin Donovan, LLP for fiscal years ended June 30, 2009 or 2008.

**Tax Fees**

PMB Helin Donovan, LLP did not provide tax related services to the Company during fiscal years 2009 and 2008.

**All Other Fees**

There were no other fees paid to PMB Helin Donovan, LLP during fiscal years 2009 or 2008.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE RATIFICATION  
OF THE APPOINTMENT OF PMB HELIN DONOVAN, LLP AS INDEPENDENT REGISTERED  
PUBLIC ACCOUNTANTS OF THE COMPANY FOR THE FISCAL YEAR ENDING JUNE 30, 2010.**

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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, PMB Helin Donovan LLP, 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 PMB Helin Donovan LLP. 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 PMB Helin Donovan LLP is in fact independent for fiscal year 2009. The Board of Directors has determined that for fiscal year 2009, 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, 2009:

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, 2009 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

September 24, 2009

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 2010 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. As such, the Board of Directors approved the Company's 2010 Stock Incentive Plan (the 2010 Plan) on January 15, 2010. Approval at the meeting the shareholders are being asked to approve and ratify the adoption of the 2010 Plan. Shareholder approval of the 2010 Plan will result in the following:

Allow the Compensation Committee to award grants at any time following the plan effective date of March 5, 2010.

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