

ASTROTECH Corp \WA\
Form PRER14A
March 14, 2011

Table of Contents

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(Amendment No. 2)
(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
- 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:

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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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TABLE OF CONTENTS

NOTICE OF 2010 ANNUAL MEETING OF SHAREHOLDERS

PROXY STATEMENT

GENERAL INFORMATION

PROPOSAL 1 -- ELECTION OF DIRECTORS

INFORMATION ABOUT DIRECTORS, NOMINEES AND EXECUTIVE OFFICERS

PROPOSAL 2 -- APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

Report of the Audit Committee

PROPOSAL 3 -- APPROVAL OF THE ASTROTECH CORPORATION 2011 STOCK INCENTIVE PLAN

DESCRIPTION OF THE 2011 ASTROTECH CORPORATION STOCK INCENTIVE PLAN

PROPOSAL 4 -- APPROVAL TO REINCORPORATE ASTROTECH FROM WASHINGTON STATE TO DELAWARE

ADDITIONAL INFORMATION

OTHER MATTERS

APPENDIX A

Table of Contents

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.

Table of Contents

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

Table of Contents

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.

Table of Contents

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.

Table of Contents

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

Table of Contents

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

Table of Contents

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

Table of Contents

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.

Table of Contents

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.

Table of Contents

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.

Table of Contents**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		Age as of	Director
Directors	Principal Occupation	January 1, 2011	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.

Table of Contents

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 entrepreneurship. 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.

Table of Contents

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.

Table of Contents

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,