

KEY TECHNOLOGY INC
Form DEF 14A
January 05, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

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 Section 240.14a-11(c) or Section 240.14a-12

Key Technology, Inc.

(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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- o Fee paid previously with preliminary materials.

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- 1 Amount Previously Paid:
 - 2 Form, Schedule or Registration Statement No.:
 - 3 Filing Party:
 - 4 Date Filed:
-

150 Avery Street
Walla Walla, Washington 99362

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To be held on February 4, 2015

To our Shareholders:

The 2015 Annual Meeting of Shareholders of Key Technology, Inc. will be held beginning at 8:00 a.m. Pacific Time on Wednesday, February 4, 2015 at the offices of Tonkon Torp LLP, 1600 Pioneer Tower, 888 SW Fifth Avenue, Portland, Oregon, for the following purposes:

1. To elect two directors of the Company to three-year terms;
2. To consider advisory approval of the compensation of the Company's named executive officers;
3. To ratify the selection of the Company's independent registered public accountants for fiscal 2015; and
4. To transact such other business as may properly come before the Annual Meeting.

Only holders of record of the Company's Common Stock at the close of business on December 5, 2014 are entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements thereof. Shareholders may vote in person or by proxy. The accompanying form of proxy is solicited by the Board of Directors of the Company.

By order of the Board of Directors,

Ronald L. Greenman
Secretary

YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING IN PERSON, PLEASE MARK, SIGN, DATE AND PROMPTLY RETURN YOUR PROXY IN THE ENCLOSED ENVELOPE.

Walla Walla, Washington
January 5, 2015

INTERNET AVAILABILITY OF PROXY MATERIALS

******* IMPORTANT NOTICE *******

Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders

To be held on February 4, 2015

The Proxy Statement and Annual Report to Shareholders are available at

<http://www.proxyvote.com>

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150 Avery Street
Walla Walla, Washington 99362

PROXY STATEMENT

2015 Annual Meeting of Shareholders

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

Q: Why am I receiving these proxy materials?

Our Board of Directors is providing these proxy materials to you in order to solicit your proxy (i.e., your voting instructions) to vote your shares of Key Technology, Inc. common stock upon certain matters at the 2015 Annual Meeting of Shareholders to be held on Wednesday, February 4, 2015 at 8:00 a.m. Pacific Time.

We will refer to Key Technology, Inc. throughout as "we," "us," the "Company" or "Key."

Q: When did Key send the proxy solicitation materials?

The proxy solicitation materials were first sent on or about January 5, 2015 to all shareholders entitled to vote at the Annual Meeting.

Q: Where is the Annual Meeting?

The Annual Meeting will be held at the offices of Tonkon Torp LLP, 1600 Pioneer Tower, 888 SW Fifth Avenue, Portland, Oregon.

Q: Can I attend the Annual Meeting?

Yes. You are invited to attend the Annual Meeting if you were a shareholder of record as of the close of business on December 5, 2014.

Q: What proposals will be voted on at the Annual Meeting?

At the Annual Meeting, shareholders will be asked to vote on:

- Item 1. The election of two directors to hold office until the 2018 annual meeting of shareholders or until their respective successors have been duly elected and qualified;
- Item 2. An advisory (non-binding) resolution to approve the compensation of our named executive officers;
- Item 3. The ratification of the selection of Grant Thornton LLP as our independent registered public accountants for fiscal 2015; and
- Item 4. Such other business as may properly come before the Annual Meeting.

Q: What do I need to do now?

First, carefully read this document in its entirety. Then, vote your shares by following the instructions from your broker if your shares are held in "street name," or by one of the following methods:

Mark, sign, date and return your proxy card in the enclosed envelope as soon as possible; or

Attend the Annual Meeting and submit a properly executed proxy or ballot. If a broker holds your shares in "street name," you will need to obtain a legal proxy from your broker to vote in person at the Annual Meeting.

VOTING AT THE ANNUAL MEETING

Q: Who is entitled to vote at the Annual Meeting and how many votes do they have?

You may vote if you were a holder of record of our common stock as of the close of business on December 5, 2014, which was the record date for the Annual Meeting. Each share of common stock is entitled to one vote.

As of the record date, there were 6,296,839 shares of common stock outstanding and entitled to vote at the Annual Meeting.

Q: How many shares must be present or represented to conduct business at the Annual Meeting?

The presence of the holders of a majority of the shares of our common stock entitled to vote at the Annual Meeting, or the holders of 3,148,420 shares, is necessary to constitute a quorum for the transaction of business at the Annual Meeting. Such shareholders are counted as present at the meeting if they (1) are present in person at the Annual Meeting or (2) have properly submitted a proxy.

Abstentions and broker non-votes will be counted as present for purposes of determining whether a quorum is present at the Annual Meeting, but will not be counted for or against any proposal.

Q: What is a broker non-vote?

For shares held through a broker or other nominee that is a New York Stock Exchange member organization, if a matter to be voted on is considered routine, the broker has discretion to vote the shares. If the matter to be voted on is determined to be non-routine, the broker may not vote the shares without specific instructions from the shareholder. A broker non-vote occurs when a broker or other nominee holding shares does not vote on a particular proposal because the nominee has not received instructions from the shareholder and does not have discretionary voting power with respect to that item. Broker non-votes will not be counted for or against any proposal.

If a broker or other nominee holds your shares in its name, the broker is permitted to vote your shares on the ratification of the selection of Grant Thornton LLP as our independent registered public accountants even if the broker does not receive voting instructions from you.

Q: Can I vote my shares in person at the Annual Meeting?

Yes. Shares held in your name as the shareholder of record may be voted in person at the Annual Meeting, even if previously voted by another method.

It is important that your shares be represented at the Annual Meeting. Therefore, even if you plan to attend in person, we recommend that you submit your proxy as described below so that your vote will be counted if you later decide not to attend the Annual Meeting.

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Q: How can I vote my shares without attending the Annual Meeting?

You may direct how your shares are voted without attending the Annual Meeting whether you are the shareholder of record or whether your shares are held by a broker or other nominee on your behalf.

Shareholders of Record – If a proxy card in the accompanying form is properly signed, dated and returned prior to the voting at the Annual Meeting, the shares represented will be voted as instructed on the proxy card.

Shares Held by a Broker or Other Nominee on Your Behalf – You may vote by submitting voting instructions to your broker, trustee or nominee; please refer to the voting instructions provided to you by your broker, trustee or nominee.

Q: How will my shares be voted, as a shareholder of record, if I submit a proxy and do not make specific choices?

As a shareholder of record, if you submit a properly signed and dated proxy card but do not provide voting instructions, your shares will be voted “FOR” the election of all nominees to the Board of Directors; “FOR” the proposal regarding the advisory approval of the compensation of our named executive officers; and "FOR" the ratification of the appointment of Grant Thornton LLP as the Company’s independent registered public accountants for fiscal 2015.

Q: What if I abstain from voting?

If your shares are represented at the annual meeting, in person or by proxy, but you abstain from voting on a matter, or include instructions in your proxy to abstain from voting on a matter, your shares will be counted for the purpose of determining if a quorum is present, but will not be counted as either an affirmative vote or a negative vote with respect to that matter. With respect to the three items scheduled to be voted on at the meeting, abstentions will have no effect on the outcome of the vote on those proposals, assuming a quorum is present.

Q: What happens if additional matters are presented at the Annual Meeting?

If any other matters are properly presented for consideration at the Annual Meeting, including, among other things, consideration of a motion to adjourn the Annual Meeting to another time or place, the persons named as proxies will use their discretionary authority to vote on such matters in accordance with their best judgment. We do not currently anticipate that any other matters will be raised at the Annual Meeting.

Q: Can I change or revoke my vote?

Yes. Any proxy may be revoked by a shareholder prior to its exercise by (1) filing with the Secretary of the Company, prior to your shares being voted at the Annual Meeting, a written notice of revocation or another duly executed proxy card, in either case dated later than the prior proxy relating to the same shares, or (2) attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not, by itself, revoke a proxy). Any written notice of revocation or subsequent proxy card must be received by the Secretary of the Company prior to the taking of the vote at the Annual Meeting and should be hand delivered or sent to 150 Avery Street, Walla Walla, Washington 99362.

Q: Who is soliciting votes and will bear the cost of soliciting votes for the Annual Meeting?

The Board of Directors is soliciting votes, and the Company will bear all costs of soliciting proxies. We have retained American Stock Transfer & Trust Company to act as registrar and transfer agent, in return for which we pay a monthly fee of \$1,050. We have retained the services of Broadridge Financial Solutions, Inc. for the solicitation of

voted proxies from brokers, nominees, institutions and individuals for a one time fee of \$13,123. In addition to solicitation by mail, proxies may be solicited personally, without additional compensation, by our officers and employees or by telephone, facsimile, electronic transmission or express mail. We will reimburse brokerage houses, banks and other custodians, nominees and fiduciaries for their reasonable expenses incurred in forwarding proxies and proxy material to their principals.

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Q: Will a list of shareholders entitled to vote at the Annual Meeting be available?

Yes. In accordance with Oregon law, a list of shareholders entitled to vote at the Annual Meeting will be available for inspection at the Annual Meeting and at our principal executive offices during regular business hours beginning on January 7, 2015 and continuing through the Annual Meeting.

Q: Where can I find the voting results of the Annual Meeting?

We intend to announce preliminary voting results at the Annual Meeting and expect to disclose final results in a Current Report on Form 8-K filed with the Securities and Exchange Commission within four business days following the Annual Meeting.

ADDITIONAL INFORMATION

Q: How may I obtain a separate copy of the proxy materials?

We have adopted a practice called "householding" for mailing this proxy statement in an effort to reduce printing and postage costs. Under this practice, shareholders who share the same address will receive only one copy of our proxy materials and annual report, unless we receive contrary instructions from any shareholder at that address. If you prefer to receive your own copy of our proxy materials and annual report, please contact Broadridge Financial Solutions, Inc. at 1-800-690-6903 or by mail at 51 Mercedes Way, Edgewood, NY 11717. You may also contact us or Broadridge if you received multiple copies of the proxy materials and annual report and would prefer to receive a single copy in the future.

Q: Can I access Key's proxy materials and Annual Report on Form 10-K on the Internet?

Yes. You can access this proxy statement and the 2014 Annual Report on our website at www.key.net. You may also obtain a copy of our proxy materials and 2014 Annual Report without charge upon request to: Investor Relations, Key Technology, Inc., 150 Avery Street, Walla Walla, Washington 99362.

In addition, pursuant to rules promulgated by the Securities and Exchange Commission, we have elected to provide access to our proxy materials both by sending you this full set of proxy materials and by notifying you of the availability of our proxy materials on the Internet. The Proxy Statement and Annual Report to Shareholders are available at <http://www.proxyvote.com>. In accordance with Securities and Exchange Commission rules, the materials on the site are searchable, readable and printable, and the site does not have "cookies" or other tracking devices which identify visitors.

Q: What is the deadline for receipt of shareholder proposals for the 2016 Annual Meeting of Shareholders?

Shareholders were entitled to present proposals for action and director nominations at the 2015 Annual Meeting of Shareholders only if they complied with the applicable requirements of the proxy rules established by the Securities and Exchange Commission and the applicable provisions of our bylaws. Shareholders must have ensured that such proposals and nominations were received no later than September 4, 2014 by the Secretary of the Company at our principal executive offices, 150 Avery Street, Walla Walla, Washington 99362.

Any business intended to be presented by a shareholder at the 2016 Annual Meeting, but not included in the Board of Directors' proxy materials, must comply with Key's bylaws. Under our bylaws, notice of the proposed business must be given to the Secretary of the Company in writing on or before the close of business on September 4, 2015. The

notice must set forth as to each matter that the shareholder proposes to bring before the meeting (i) a brief description of the matter, (ii) the proposing shareholder's name and record address, (iii) the class and number of Key's shares that the shareholder beneficially owns, (iv) a description of all agreements, arrangements or understandings between the shareholder and any other person(s) (including their names and addresses) in connection with the proposal of such matter and any material interest of the shareholder in such matter, and (v) a representation that the shareholder intends to appear in person or by proxy at the annual meeting to bring the proposed business before the meeting. If the written notice relates to a shareholder nomination of any

person to stand for election to the Board of Directors, please see page 7 of this Proxy Statement for additional information required to be included in the shareholder's written notice.

Q: How can I communicate with the Board of Directors?

Any shareholder or other interested party desiring to communicate with one or more directors, or a particular committee of the Board of Directors, may do so by addressing their written correspondence to Key Technology, Inc., Board of Directors, c/o Secretary, at our principal executive offices, 150 Avery Street, Walla Walla, Washington 99362. The Secretary of the Company will promptly forward all such communications to the specified addressees, as appropriate.

Q. Who will count the vote?

The Secretary of the Company or his designee will act as Inspector of Election at the Annual Meeting and count the vote.

Q. Where can I obtain more information?

If you have questions about the Annual Meeting or about submitting your proxy, you may contact:

Investor Relations
Key Technology, Inc.
150 Avery Street
Walla Walla, Washington 99362
(509) 394-3362
investorinfo@key.net

Requests for copies of the proxy materials and 2014 Annual Report on Form 10-K should be sent to the Investor Relations address above. Notices of shareholder proposals, recommendations for candidates to the Board of Directors, communications to the Board of Directors, and any other communications should be sent to the address above to the attention of the Secretary of the Company.

INFORMATION ABOUT KEY'S BOARD OF DIRECTORS

Q: Who is on Key's Board of Directors?

Our Board of Directors currently has seven members: John J. Ehren, Richard Lawrence, John E. Pelo, Michael L. Shannon, Charles H. Stonecipher, Donald A. Washburn and Frank L. A. Zwerts.

Q: How often are members elected?

The directors are divided into three classes. Currently, two classes consist of two directors and one class consists of three directors. Generally, one class stands for election each year for a three-year term.

Q: What if a nominee is unwilling or unable to serve?

Each nominee listed in this Proxy Statement has agreed to serve as a director, if elected. If for some unforeseen reason a nominee becomes unwilling or unable to serve, proxies will be voted for a substitute nominee designated by the proxy holders or the present Board of Directors.

Q: Which members of Key's Board of Directors are independent?

The Board of Directors has determined that a majority of its directors presently meet the independence standards established under the applicable rules of the Securities and Exchange Commission and the NASDAQ Global Market®. These directors are Messrs. Lawrence, Pelo, Shannon, Stonecipher and Washburn.

Q: How often did the Board of Directors meet in fiscal 2014?

During fiscal 2014, the Board of Directors held four meetings. No director attended fewer than 88% of the total number of meetings of the Board of Directors and the committees of which he was a member during fiscal 2014.

The Board of Directors does not currently have a policy with regard to the attendance of Board members at the annual meeting of shareholders. All of our current directors attended our 2014 Annual Meeting.

Q: What are the minimum qualifications required to serve on Key's Board of Directors?

Qualifications for consideration as a Board nominee may vary according to the particular areas of expertise being sought as a complement to the existing Board composition. However, minimum qualifications include high-level leadership experience in business activities, breadth of knowledge about issues affecting the Company, experience on other boards of directors, preferably public company boards, and time available for meetings and consultation on Company matters.

In addition, nominees must possess certain basic personal and professional qualities in order to properly discharge their fiduciary duties to our shareholders, provide effective oversight of our management and monitor our adherence to principles of sound corporate governance. Specifically, nominees for election to our Board of Directors should possess the highest personal and professional ethics, integrity and values. They must also have an inquisitive and objective perspective, practical wisdom, and mature and experienced judgment. Directors must develop an understanding of our business and have a willingness to devote adequate time to carrying out their duties.

Q: How does the Nominating and Corporate Governance Committee identify and evaluate nominees for director?

The Nominating and Corporate Governance Committee seeks a diverse group of candidates who possess the background, skills and expertise to make a significant contribution to the Board, to the Company and to its shareholders. The Nominating and Corporate Governance Committee considers potential candidates who may come to the attention of the Committee through current Board members, shareholders or other persons. In identifying candidates for membership on our Board of Directors, the Nominating and Corporate Governance Committee takes into consideration a number of factors, including: (i) relevant career experience, relevant technical skills, industry knowledge and experience, and financial expertise; (ii) individual qualifications, including strength of character, mature judgment, familiarity with our business or industry, independence of thought and the ability to work collegially; and (iii) the extent to which the candidate would fulfill a present need on our Board of Directors.

The Committee evaluates potential nominees by reviewing their qualifications, reviewing results of personal and reference interviews, and reviewing such other information as may be deemed relevant. Candidates whose evaluations are favorable are then chosen by a majority of the members of the Nominating and Corporate Governance Committee to be recommended for selection by the Board of Directors. The Board selects and recommends candidates for nomination as directors for shareholders to consider and vote upon at the annual meeting. We do not currently employ an executive search firm, or pay a fee to any third party, to locate qualified candidates for director positions.