ASTROTECH Corp
Form DEF 14A
October 27, 2017

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 S
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))
S Definitive Proxy Statement
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Astrotech Corporation
(Name of Registrant as Specified In Its Charter)
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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3. Filing Party:
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2017 Proxy Statement
Notice of Annual Meeting of Shareholders

Thursday, December 7, 2017
9:00 a.m. (Central Standard Time)
JW Marriott Austin
110 E. Second Street
Austin, Texas 78701

Thomas B. Pickens III	Mark Adams	Sha-Chelle Manning
Director Since: 2004 Age: 60 Board Committees: Executive (Chair)	Director since: 2007 Age: 55 Board Committees: Corporate Governance and Nominating	Director since: 2009 Age: 50 Board Committees: Audit and Compensation (Chair)

Daniel T. Russler, Jr.	Ronald (Ron) W. Cantwell	Michael R. Humphrey
Director Since: 2011 Age: 54 Board Committees: Audit and Corporate Governance and Nominating (Chair)	Director Since: 2015 Age: 74 Board Committees: Audit (Chair) and Compensation	Director Since: 2015 Age: 58 Board Committees: Compensation and Corporate Governance and Nominating

Eric N. Stober	Rajesh Mellacheruvu
With Company Since: 2008 Age: 40 Chief Financial Officer, Treasurer and Secretary	With Company Since: 2015 Age: 47 Chief Operating Officer and Vice President

PROXY STATEMENT
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

October 27, 2017
To the Shareholders of Astrotech Corporation:
You are cordially invited to attend the 2017 Annual Meeting of Shareholders (the "Annual Meeting") for Astrotech Corporation (the "Company" or "Astrotech") to be held at 110 E. Second Street, Austin, Texas 78701 on December 7, 2017, at 9:00 a.m. (Central time). Information about the Annual 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:

i. to elect six directors to the Company's Board of Directors;
ii. to approve the reincorporation of the Company from the State of Washington to the State of Delaware;
iii. to ratify the appointment of BDO USA, LLP as our Independent Registered Public Accounting Firm for the 2018 fiscal year;
iv. to approve an amendment to the Astrotech Corporation 2011 Stock Incentive Plan to authorize 225,000 additional shares; and
v. to transact such other business as may properly come before the meeting and any related adjournments or postponements.

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 Annual Meeting. The Board of Directors has fixed the close of business on October 25, 2017 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 for the fiscal year ended June 30, 2017 (the "Form 10-K"). Voting can be completed by returning the proxy card, by telephone at 1-888-457-2959 or online at www.proxyvoting.com/ASTC. Only your latest-dated proxy card will count, and any proxy may be revoked at any time prior to its exercise at the Annual Meeting as described in this Proxy Statement. Further detail can be found on the proxy card and in the "Voting of Proxies" section included below.
Important notice regarding the availability of proxy materials of the Annual Meeting to be held on December 7, 2017. This Proxy Statement and Form 10-K are available at www.astrotechcorp.com under the heading "For Investors."
Thank you for your assistance in voting your shares promptly.
By Order of the Board of Directors,

Eric Stober
Chief Financial Officer, Treasurer and Secretary
Austin, Texas
YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU INTEND TO BE PRESENT AT THE MEETING, PLEASE MARK, SIGN, AND DATE THE ENCLOSED PROXY CARD 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.

PROXY STATEMENT
GENERAL INFORMATION

This Proxy Statement is furnished to holders of Astrotech's common stock, no par value ("Common Stock"), as of the record date October 25, 2017 in connection with the solicitation by the Board of Directors of Astrotech Corporation, a Washington corporation, of proxies to be voted at the Annual Meeting to be held on December 7, 2017, at 9:00 a.m. (Central time) at 110 E. Second Street, Austin, Texas 78701. This Proxy Statement, the accompanying proxy card and the Form 10-K are being distributed to shareholders on or about October 27, 2017.

At the meeting you will be asked:

i. to elect six directors to the Company's Board of Directors;
ii. to approve the reincorporation of the Company from the State of Washington to the State of Delaware;
iii. to ratify the appointment of BDO USA, LLP as our Independent Registered Public Accounting Firm for the 2018 fiscal year;
iv. to approve an amendment to the Astrotech Corporation 2011 Stock Incentive Plan to authorize 225,000 additional shares; and
v. to transact such other business as may properly come before the meeting and any related adjournments or postponements.

Internet Availability of Proxy Materials

In addition to mailing paper copies of the Company's Proxy Statement and Form 10-K, Astrotech is making these materials available to its shareholders via the internet. The Proxy Statement and Form 10-K are available free of charge at www.astrotechcorp.com under the heading "For Investors."
Reverse Stock Split

On Monday, October 16, 2017, the Company effectuated a reverse stock split of its shares of Common Stock whereby every five (5) pre-split shares of Common Stock were exchanged for one (1) post-split share of the Company's Common Stock (the "Reverse Stock Split"). No fractional shares were issued in connection with the Reverse Stock Split. Stockholders who would otherwise have held a fractional share of the Common Stock received a cash payment in lieu thereof. All shares of Common Stock in this Proxy Statement have been adjusted to reflect the Reverse Stock Split.
Record Date and Voting Securities

The Board of Directors has fixed the close of business on October 25, 2017 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 4,506,473 shares of Common Stock outstanding, including 48,286 shares of restricted stock with voting rights. Holders of common stock, including those holder of restricted stock with voting rights, 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 at the Annual Meeting as of the record date. No shareholder will 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 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 of Astrotech Corporation. In the event that Mr. Pickens cannot serve in such capacity, Mr. Eric N. Stober will be named as proxy. Mr. Stober is the

Chief Financial Officer, Treasurer and Secretary of the Company.

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:

i. Fully completing, signing, dating and timely mailing the proxy card;
ii. Calling 1-888-457-2959 and following the instructions provided on the phone line; or
iii. Accessing the internet voting site at www.proxyvoting.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 votes via the telephone or internet must be submitted by 11:59 p.m. (Eastern-time) on December 6, 2017 in order to be counted. Each proxy card that is (i) properly executed, (ii) timely received by the Company before or at the Annual Meeting, and (iii) 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.

Vote Required for Quorum

The holders of at least a majority of all of the 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 Annual 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 Reincorporation

The approval of the reincorporation of the Company from the State of Washington to the State of Delaware requires the vote of two-thirds (2/3) of the shares of Common Stock outstanding on the record date, which requires the approval of the holders of 3,004,339 shares of Common Stock outstanding on the record date. Abstentions will have the effect of a vote “Against” Proposal 2.

Vote Required for Auditor Ratification and for the Amendment to the 2011 Stock Incentive Plan

The ratification of the appointment of BDO USA, LLP as our Independent Registered Public Accounting Firm for the 2018 fiscal year and the approval of the proposed amendment to the 2011 Stock Incentive Plan require the affirmative vote of a majority of the total number of votes cast at the Annual Meeting by the holders of Common Stock. Abstentions will have no effect on Proposals 3 and 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

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" such proposal will be counted, so broker non-votes will have no effect on determinations of plurality for that proposal. For Proposal 2, brokers may not vote on this proposal without instructions from the beneficial owners. Broker non-votes with respect to any shares will have the same impact as a negative vote on the outcome of Proposal 2 since those shares will not be voted "For." Proposal 3 is considered a "routine" matter, so brokers will be able to vote uninstructed shares on those proposals. For Proposal 4, brokers may not vote on this proposal without instructions from the beneficial owners, so broker non-votes will have no effect on the outcome for that proposal.

Form 10-K

Shareholders may obtain, without charge, a copy of the Company’s 2017 Annual Report on Form 10-K. For copies, please contact Investor Relations at the address of the Company’s principal executive office: Astrotech Corporation, 201 W. 5th Street, Suite 1275, Austin, Texas 78701. The Form 10-K and other periodic reports of the Company are also available through the Securities and Exchange Commission's (“SEC”) website at www.sec.gov and the Company’s website at www.astrotechcorp.com under the heading “For Investors.”

CORPORATE GOVERNANCE

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 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 under the heading "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 under the heading "For Investors" and a copy 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 ("CEO"), Chief Financial Officer ("CFO"), and Controller. 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 under the heading "For Investors" and a copy 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, 201 W. 5th Street, Suite 1275, 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) 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 legal counsel, 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 has determined that the combined role of Chairman and CEO is appropriate for the Company as it promotes unified leadership and direction for the Company, allowing for a single, clear focus for management to execute the Company's strategy and business plans. This structure also avoids the added costs and inefficiencies that would result by mandating an independent Chairman. The Board believes that the governance structure allows the Board to effectively work with the combined role of Chairman and CEO.

The Board of Directors strives to balance the risk and return ratio for all Astrotech shareholders. 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. The Audit Committee coordinates the Board of Directors' oversight of the Company's internal control over financial reporting, disclosure controls and procedures, and code of conduct. Management regularly reports to the Audit Committee on these areas. The Compensation Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to the management of risks arising from our compensation policies and programs. The Nominating and Corporate Governance Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to the management of risks associated with Board of Directors' organization, membership and structure, succession planning for our directors, and corporate governance.

Board of Directors

The Board held a total of six meetings during fiscal 2017 and acted four times by written consent. All of our directors are expected to attend each meeting of our Board and the committees on which they serve and are encouraged to attend annual shareholder meetings, to the extent reasonably possible. All directors attended more than 99% of the aggregate of the meetings of our Board and committees on which they served in fiscal 2017 held during the period in which they served as directors. All of the directors attended our 2016 annual meeting of shareholders.

Committees of the Board of Directors

During fiscal year 2017, 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 meet the independence requirements of the NASDAQ's Listing Rules.

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 website at www.astrotechcorp.com under the heading "For Investors" or by writing to Astrotech Corporation, Attn: Investor Relations, 201 W. 5th Street, Suite 1275, Austin, Texas 78701 and requesting copies.

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 website at www.astrotechcorp.com under the heading "For Investors." The Audit Committee is responsible for appointing and compensating a firm of independent auditors 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 Accounting Firm. The Audit Committee also reviews audit plans and procedures, changes in accounting policies, and the use of the independent auditors for non-audit services. As of the end of fiscal year 2017, the Audit Committee consisted of Messrs. Cantwell (Chairman) and Russler and Ms. Manning. During fiscal year 2017, the Audit Committee met four times. The Board of Directors has determined that each of Messrs. Cantwell and Russler and Ms. Manning 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.

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Audit Committee Pre-Approval Policy and Procedures

The Audit Committee is responsible for appointing, setting compensation for, and overseeing the work of BDO USA, LLP, the Company's independent auditor. Audit Committee policy requires the pre-approval of all audit and permissible non-audit services to be provided by the independent auditor in order to assure that the provision of such services does not impair the auditor's 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 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 auditor. 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.

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 website at www.astrotechcorp.com under the heading "For Investors." 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 is delegated all authority of the Board of Directors as may be required or advisable to fulfill the purposes of the Compensation Committee. Meetings may, at the discretion of the Compensation Committee, include members of the Company's management, other members of the Board of Directors, consultants or advisors, and such other persons as the Compensation Committee or its chairperson may determine in an informational or advisory capacity.

The Board of Directors annually considers the performance of our Chief Executive Officer. Meetings to determine the compensation of the CEO must be held in executive session. Meetings to determine the compensation of any officer of the Company other than the CEO may be attended by the CEO, but the CEO may not vote on these matters.

The Compensation Committee also administers the Company's 2011 Stock Incentive Plan and 2008 Stock Incentive Plan in accordance with the terms and conditions set forth in those plans. As of the end of fiscal year 2017, the Compensation Committee consisted of Ms. Manning (Chairwoman) and Messrs. Humphrey and Cantwell. During fiscal year 2017, the Compensation Committee met three times.

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 on the Company's website at www.astrotechcorp.com under the heading "For Investors." 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 2017, the Corporate Governance and Nominating Committee consisted of Messrs. Russler (Chairman), Adams, and Humphrey. During fiscal year 2017, the Corporate Governance and Nominating Committee met one time.

Director Nomination Process

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.

The Corporate Governance and Nominating Committee will consider, for possible Board endorsement, director candidates recommended by shareholders. For purposes of the 2017 Annual Meeting, the Governance and Nominating Committee will consider any nominations received by the Secretary from a shareholder of record on or before October 8, 2017 (the 60th calendar day before the Annual Meeting). 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 this 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.

Director Attendance at Annual Shareholder Meetings

The Board of Directors members are expected to attend our annual shareholder meetings. All of our six directors attended our 2016 Annual Meeting of Shareholders.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors, 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 2017.

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PROPOSAL 1 – ELECTION OF DIRECTORS

The Corporate Governance and Nominating Committee, which is comprised entirely of independent directors, has carefully considered all director nominees. Upon the recommendation of the Corporate Governance and Nominating Committee, the Board of Directors has nominated Thomas B. Pickens III, Mark Adams, Sha-Chelle Manning, Daniel T. Russler, Jr., Ronald W. Cantwell, and Michael R. Humphrey to the Board of Directors to serve as directors until the 2018 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 table below) 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 2017 or 2016. 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 fifteen meetings during the fiscal year ended June 30, 2017 and all directors attended at least 99% of the meetings of the Board of Directors. 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 RECOMMENDS A VOTE FOR THE ELECTION OF THE FOLLOWING NOMINEES:

Thomas B. Pickens III	Mark Adams *
Sha-Chelle Manning *	Daniel T. Russler, Jr. *
Ronald W. Cantwell *	Michael R. Humphrey *

* Indicates independent director

INFORMATION ABOUT DIRECTORS, NOMINEES AND EXECUTIVE OFFICERS

Current Directors Nominated for Re-election

Thomas B. Pickens III

Chairman and Chief Executive Officer of Astrotech Corporation

Mr. Pickens was named Astrotech's Chief Executive Officer in January 2007 and Chairman in February 2008. Mr. Pickens is the Managing Partner and Founder of Tactic Advisors, Inc., a company specializing in corporate turnarounds on behalf of creditors and investors. Since 1985, Mr. Pickens has served as President of T.B. Pickens & Co. From 1991 to 2002, Mr. Pickens was the Chairman of multiple companies, including U.S. Utilities, Inc., Code Corporation, Catalyst Energy Corporation and United Thermal Corporation. Mr. Pickens was also the President of Golden Bear Corporation, Slate Creek Corporation, Eury Dam Corporation, Century Power Corporation and Vidilia Hydroelectric Corporation. Mr. Pickens has served a member of the board of Xplore Technologies Corp. since November 2016.

Mr. Pickens has served as a director since 2004 and became CEO in 2007. He brings historical understanding of Astrotech and serves a key leadership role on the Board of Directors, providing the Board with in-depth knowledge of 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 businesses of 1st Detect and Astral Images. 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.

Mark Adams

Founder and CEO, Waterloo Medical Solution, LLC

Mr. Adams is the co-founder and Chief Executive Officer of Waterloo Medical Solution, LLC which began operations in 2016. Prior to this in 2009, he co-founded SOZO Global. Inc., a specialty based nutritional products company and served as the company's Chairman and Chief Executive Officer from 2011 until it was sold in 2016. Prior to that in 2003, Mr. Adams founded and ran as Chairman and Chief Executive officer, Advocate, MD Financial Group, Inc., a leading Texas-based medical liability insurance holding company which he sold in 2009 and continued to run as Chief Executive officer through 2011. Mr. Adams is also a founding partner in several other companies. Some of the companies he founded and currently owns include Murphy Adams Restaurant Group, Inc. which he co-founded in 2007, and which owns and is rapidly expanding Mama Fu's Asian House restaurants throughout the United States, and the Middle East. In 2008, Mr. Adams co-founded Kind Health, LLC which is a unique online application driven health insurance curator. Also in 2008, Mr. Adams co-founded Small Business United, LLC, a non-profit organization that supports small businesses. In the last three years, Mr. Adams co-founded Olympic Capital Partners, LLC, a focused real estate investment fund, Direct Sales Forge, LLC a specialty software development company, and Direct Mobile, LLC a mobile application development company.

Mr. Adams brings to our Board a wide range of experience in business with a particular focus on entrepreneurism. He has brought his diversity of thought to the Board of Directors since 2007, which positions him as the longest tenured director other than Mr. Pickens. As stated above, Mr. Adams serves as a director for several public and private companies, including Astrotech, providing the Board with expertise in management and corporate governance.

Mr. Adams serves on the Corporate Governance and Nominating Committee. Mr. Adams has been married to his wife Melissa for 30 years and they live in Austin, Texas along with their three sons.

Sha-Chelle Manning

Director, Corporate Innovation, Pioneer Natural Resources

Sha-Chelle Manning is the Director of Corporate Innovation of Pioneer Natural Resources, a leading Fortune-500 independent U.S. shale oil and gas production and exploration company. Under her leadership, her team is responsible for developing and driving technology innovations that have made Pioneer a leading Independent in the "Shale Revolution."

Manning is on the Boards of Directors for the Department of Energy Advanced Manufacturing Office's CSS $240M CSS Advanced Composites Manufacturing Institute, Tech Titans, Texas' largest trade organization, and Loras

College. Manning serves on advisory boards for Texas A&M TEES and UT Brownsville's CARA Center. Manning was appointed two terms by Gov. Rick Perry to the $480M Texas Emerging Technology Fund. Ms. Manning has served as a Consultant for Lockheed Martin, HRL Labs, and the Texas A&M University system. Manning was co-founder of venture fund MalibuIQ, Managing Director of Nanoholdings, and a key leader of two entrepreneurial start-ups; Authentix (acquired by Carlyle Group) and Zyvex, a leading Nanotechnogy firm.

Manning holds an MBA in Telecommunications from University of Dallas and a BA from Loras College. Ms. Manning brings to the Board a wide range of experience in technology, management and scaling of advanced technologies. Additionally, her interaction with local, state, and federal governments throughout her career provides significant experience with government affairs. Ms. Manning is the Chairwoman of the Compensation Committee and serves on the Audit Committee.

Daniel T. Russler, Jr.
Principal, Family Asset Management, LLC
Daniel Russler has more than 25 years of capital markets, development and entrepreneurial experience, 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.

Mr. Russler received a MBA 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. Mr. Russler has extensive knowledge of finance, entrepreneurship, investment allocation, and capital raising matters that the Board of Directors feels will add value to the Company for the shareholders. The Board of Directors has determined that Mr. Russler meets the qualification guidelines as an “audit committee financial expert” as defined by the SEC rules. Mr. Russler is Chairman of the Governance and Nominating Committee and serves on the Audit Committee.

Ronald (Ron) W. Cantwell
President, VC Holdings, Inc.
Ron Cantwell is President of VC Holdings, Inc., through which Mr. Cantwell provides advisory services in corporate and project investment structuring, mergers and acquisitions, financial restructuring, and operations management. In addition, Mr. Cantwell serves as Chairman and Chief Executive Officer of Catalyst Group, Inc., and spent nineteen years in public accounting, most recently as a Tax Partner in the Ernst & Young, LLP Dallas office.
Mr. Cantwell graduated with honors from the University of Wisconsin in Madison and is licensed as a certified public accountant. Mr. Cantwell has a 47 year background in corporate and project investment structuring, mergers and acquisitions, financial/tax/regulatory restructuring, and reporting and operational management. The Board of Directors has determined that Mr. Cantwell meets the qualification guidelines as an “audit committee financial expert” as defined by the SEC rules. Mr. Cantwell is Chairman of the Audit Committee and serves on the Compensation Committee.
Michael R. Humphrey
President, e2020, Inc.
While serving as President, Michael Humphrey brought decades of experience and success to e2020 Inc. (www.edgenuity.com), helping to establish the company as a leader in the virtual education industry. He completed the sale of Education 2020 (re-named Edgenuity) in July 2011 to the private equity firm Weld North, www.weldnorth.com, in a transaction valued at over $50 million dollars. Education 2020, under Mr. Humphrey’s leadership, grew from revenues of less than $500,000 dollars to over $30 million dollars in a span of 30 months. Mr. Humphrey is the Executive Vice President at Edgenuity focused on Government Affairs managing State and National Lobby Teams. In addition, he is focused on international expansion of the Edgenuity curriculum and all business development activity for the company.
Mr. Humphrey served previously as the Co-Founder and former CEO of Austin-based Human Performance Labs, makers of PureSport, performance drinks endorsed by Champion Swimmer, Michael Phelps. Prior to PureSport, Humphrey’s served as executive vice president for Compass Learning, driving strategy and development of the company’s curriculum software solutions and assessment tools. He also was instrumental in the sale of the company to Reader’s Digest in 2007. He was also vice president of sales for Simon & Schuster’s Children’s Education Publishing Unit, where he helped grow annual revenue to more than $300 million. In addition, he worked in business development at Broadcast.com, where he closed transactions with major corporations, including Pearson Publishing, McDonald’s Corporation and Pepsi Corporation, then continued in an executive role after the company was acquired by Yahoo!. Mr. Humphrey is a graduate of Texas Tech University in Lubbock, Texas. Michael served as a Board Member at US Youth Soccer and currently serves as a Board Member at Astrotech Corporation and as an Advisory Board Member at Austin-based Spark Cognition. Mr. Humphrey serves on the Compensation and Corporate

Governance and Nominating Committees.

Director Independence and Financial Experts

The Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee charters require that each member meet: (i) 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, (ii) 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 (iii) 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 makes an affirmative determination annually that all such "independence" standards have been and continue to be met by the independent directors and members of each of the three committees, that each director qualifying as independent is neither an officer nor an employee of Astrotech or any of its subsidiaries nor an individual that has any relationship with Astrotech or any of its subsidiaries, or with management (either directly or as a partner, shareholder or officer of an entity that has such a relationship) which, in the Board of Directors' 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, from investments in the Company's securities or from certain other qualifying exceptions);

- The director is, or has a family member who is, a partner, 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, or has a family member who is, employed as an executive officer of Astrotech or any of its subsidiaries any time within the prior three years;

- 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, Sha-Chelle Manning, Daniel T. Russler, Jr., Ronald W. Cantwell and Michael R. Humphrey.

The Board of Directors has also determined that each member of the Audit Committee, Compensation Committee, and 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 also nominees of the Board of Directors as of June 30, 2017:

Eric N. Stober

Chief Financial Officer, Treasurer and Secretary

Eric Stober joined Astrotech Corporation in 2008 and was promoted to Chief Financial Officer, Treasurer and Secretary in 2013. Mr. Stober brings significant experience in private equity, finance and business start-ups. Prior to joining Astrotech Corporation, he worked at the private equity firm Virtus Financial Group analyzing prospective middle market investments. Additionally, Mr. Stober founded or co-founded several companies, including a web advertising company, a small business tax and financial advisory firm, a sports-based media and entertainment company, and a service provider sourcing company. He has also helped numerous companies raise start-up or growth capital. Mr. Stober began his professional career working for both The Ayco Company, a Goldman Sachs Company, and Lehman Brothers, where he helped wealthy individuals and families manage their investments, taxes, insurance, estate plans, and compensation and benefits.

Mr. Stober has an MBA from the McCombs School of Business at the University of Texas where he was the President of the MBA Entrepreneur Society. He also has an undergraduate degree in Finance from the University of Illinois where he graduated with honors.

Rajesh Mellacheruvu

Vice President and Chief Operating Officer

Rajesh Mellacheruvu has been Vice President and Chief Operating Officer of the Company since February 2015. Prior to joining the Company, Mr. Mellacheruvu was the Managing Director of Noumenon Consulting, Inc., providing consultant services on product strategy, management and business operation to 1st Detect Corporation, a subsidiary of the Company, since 2013. Mr. Mellacheruvu was previously employed by ClearCube Technology, Inc. as Vice President of Products Development and Strategy, Omega Band as an Engineer, and Advance Micro Devices as a Product Development Engineer.

Mr. Mellacheruvu has an MBA in Business Strategy and Finance from Kellogg School of Management at Northwestern University, a Masters in Electrical Engineering from Texas A&M University and a Bachelor’s degree in Electronics and Communication Engineering from Osmania University.

SECURITY OWNERSHIP OF DIRECTORS, EXECUTIVE OFFICERS AND PRINCIPAL SHAREHOLDERS

The following table sets forth as of September 30, 2017 certain information regarding the beneficial ownership of outstanding Common Stock held by (i) each person known by the Company to be a beneficial owner of more than 5% 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 two 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 each party.

Name and Address of Beneficial Owners	Shares of Common Stock (#)	Unvested Restricted Stock Grants (#)	Shares Subject to Options Exercisable Within 60 Days of June 30, 2017	Total Number of Shares Beneficially Owned	Percentage of Class (1)	
Certain Beneficial Owners						
Huckleberry Investments LLP (2)	537,377	—	—	537,377	13.1	%
Beck Capital Management (3)	363,303	—	—	363,303	8.8	%
Bruce & Co., Inc. (4)	214,015	—	—	214,015	5.2	%
Non-Employee Directors: (5)						
Mark Adams	108,003	—	21,000	129,003	3.1	%
Sha-Chelle Devlin Manning	21,342	—	12,000	33,342	*	
Daniel T. Russler	15,800	—	12,000	27,800	*	
Ronald W. Cantwell	4,999	4,998	—	9,997	*	
Michael R. Humphrey	4,999	4,998	—	9,997	*	
Named Executive Officers: (5)						
Thomas B. Pickens III	696,401	—	42,500	738,901	18.0	%
Eric Stober	93,295	—	4,800	98,095	2.4	%
Rajesh Mellacheruvu	35,006	4,333	39,333	78,672	1.9	%
All Directors and Executive Officers as a Group (8 persons)	979,845	14,329	131,633	1,125,807	26.6	%

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

1. Calculated pursuant to Rule 13d-3(d) of the Securities Exchange Act of 1934. Under Rule 13d-3(d), shares not outstanding that 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, 2017, we had 4,506,473 shares of common stock outstanding.

2. Information based on Form 13G/A filed with the SEC by Huckleberry Investments LLP on January 20, 2015. Huckleberry Investments LLP, is a fund manager based in the United Kingdom with its principal business conducted at 103 Mount Street, 1st Floor, London W1G 7HQ, UK.

3. Information based on Form 13F-HR filed with the SEC by Beck Capital Management with the SEC on August 14, 2017. Beck Capital Management is an investment adviser with its principal business conducted at 2009 S. Capital of Texas Highway, Suite 200, Austin, TX 78746.

4. Information based on Form 13F-HR filed with the SEC by Bruce & Co., Inc. with the SEC on August 9, 2017. Bruce & Co., Inc. is the investment manager for Bruce Fund, Inc., a Maryland registered investment company with its principal business conducted at 20 North Wacker Drive, Suite 2414, Chicago, IL 60606.

5.

The applicable address for all non-employee directors and named executive officers is c/o Astrotech Corporation, 201 W. 5th Street, Suite 1275, Austin, Texas 78701.

EXECUTIVE COMPENSATION

The following table and footnotes provide information on compensation for the services of our Named Executive Officers ("NEOs") for fiscal year 2017 and, where required, fiscal year 2016.

Summary Compensation Table

Name and Principal Position	Fiscal Year	Salary ($)	Bonus ($)(1)	Stock Awards ($)(2)	Options ($)(3)	All Other Compensation ($)(4)	Total ($)
Thomas B. Pickens III;	2017	464,170	116,417	—	8,554	16,835	605,976
Chief Executive Officer	2016	450,650	118,946	—	—	13,840	583,436
Eric N. Stober;	2017	290,768	61,683	409,741	4,578	14,062	780,832
Chief Financial Officer	2016	282,298	63,023	—	—	14,825	360,146
Rajesh Mellacheruvu;	2017	269,005	57,066	436,817	43,923	8,335	815,146
Chief Operating Officer	2016	249,314	69,431	69,397	211,407	11,082	610,631

1. Mr. Pickens was awarded $118,946 for performance in fiscal year 2016, paid in September 2016. Mr. Stober was awarded $63,023 for performance in fiscal year 2016, paid in September 2016. Mr. Mellacheruvu was awarded $69,431 for performance in fiscal year 2016, paid in September 2016. Mr. Pickens was awarded $116,417 for performance in fiscal year 2017, paid in September 2017. Mr. Stober was awarded $61,683 for performance in fiscal year 2017, paid in September 2017. Mr. Mellacheruvu was awarded $57,066 for performance in fiscal year 2017, paid in September 2017.
2. The amounts in this column include both stock grants and restricted stock awards for the executives.
3. The amounts reported represent the aggregate grant date fair market value of the stock-based and stock option awards granted as computed in accordance with FASB ASC Topic 718. See Note 12 on Form 10-K filed with the SEC on September 18, 2017 for assumptions underlying the valuation of Stock Based Awards and the Stock Options. On May 9, 2017, Mr. Pickens was awarded 40,000 options, Mr. Stober was awarded 20,000 options, and Mr. Mellacheruvu was awarded 25,671 options. These options vest over a three-year period.
4. The amounts in this column include the following: supplemental disability insurance premiums, cellular telephone service allowances, matching contributions under our 401(k) savings plan for Messrs. Stober and Mellacheruvu, and payments associated with a car allowance for Mr. Pickens.

Employment Agreements

The Company entered into an employment agreement with Mr. Pickens on October 6, 2008, which sets forth, among other things, Mr. Pickens' minimum base salary, bonus opportunities, provisions with respect to certain payments, and other benefits upon termination of employment under certain circumstances such as without "Cause," "Good Reason" or in event of a "Change in Control" of the Company. Please see Potential Payments Upon Termination or Change in Control for a description of such provisions. Pursuant to the employment agreement between the Company and Mr. Pickens, his required minimum annual base salary is $360,000. He is eligible for short-term cash incentives, as are all employees of the Company. None of the other NEOs are party to an employment agreement.

Cash Bonus Awards

During fiscal year 2017, the Compensation Committee awarded bonuses to directors, NEOs, and employees in recognition of individual performance. Each NEO's maximum bonus is an amount equal to 50% of his annual base salary, subject to Compensation Committee discretion.

Performance-Based Equity Compensation

We believe that a substantial portion of each NEO's compensation should be in the form of performance-based awards, particularly equity-based awards that align the interests of management with that of the shareholders. Providing long-term compensation such as equity awards allows the Company to attract and incentivize qualified executives with less cash outlay, and to retain the executives over a longer

period. During fiscal year 2017, awards were given to the NEOs. On May 9, 2017, the Compensation Committee granted Mr. Pickens, Mr. Stober, and Mr. Mellacheruvu grants of 40,000 stock options, 20,000 stock options, and 25,671 stock options, respectively; each grant vests in equal annual installments over a three year period subject to the individual NEO's continuous employment with the Company.

Long-Term Equity Compensation Awards

The Compensation Committee has the authority to grant equity compensation awards under our Astrotech 2008 Stock Incentive Plan (the "2008 Stock Incentive Plan") and the 2011 Stock Incentive Plan (the "2011 Stock Incentive Plan").

Summary of the 2008 Stock Incentive Plan

The 2008 Stock Incentive Plan permits the discretionary award of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, other stock-based awards and incentive awards.

Any employee or consultant of the Company (or its subsidiaries) or a director of the Company who, in the opinion of the Compensation Committee, is in a position to contribute to the growth, development or financial success of the Company, is eligible to participate in the 2008 Stock Incentive Plan. In any calendar year, no covered employee described in Section 162(m) of the Internal Revenue Code may be granted (in the case of stock options and stock appreciation rights), or have vest (in the case of restricted stock or other stock-based awards), awards relating to more than 600,000 shares of Common Stock, and the maximum aggregate cash payout with respect to incentive awards paid in cash to such covered employees may not exceed $25,000,000.

The maximum number of shares of the Company's Common Stock, no par value, that may be delivered pursuant to awards granted under the 2008 Stock Incentive Plan is 1,100,000 shares of Common Stock. Any shares subject to an award under the 2008 Stock Incentive Plan that are forfeited or terminated, expire unexercised, lapse or are otherwise canceled in a manner such that the shares of common stock covered by such award are not issued may again be used for awards under the 2008 Stock Incentive Plan. A maximum of 1,100,000 shares of common stock may be issued upon exercise of incentive stock options. The maximum number of shares deliverable pursuant to awards granted under the 2008 Stock Incentive Plan is subject to adjustment by the Compensation Committee in the event of certain dilutive changes in the number of outstanding shares. Under the 2008 Stock Incentive Plan, the Company may issue authorized but unissued shares, treasury shares, or shares purchased by the Company on the open market or otherwise. In addition, the number of shares of common stock available for future awards is reduced by the net number of shares issued pursuant to an award.

Our Board of Directors last approved the amended and restated 2008 Stock Incentive Plan on April 7, 2015 during a Board of Directors meeting.

Summary of the 2011 Stock Incentive Plan

The 2011 Stock Incentive Plan permits the discretionary award of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, other stock-based awards and incentive awards.

Any employee or consultant of the Company (or its subsidiary) or a director of the Company who, in the opinion of the Compensation Committee, is in a position to contribute to the growth, development or financial success of the Company, is eligible to participate in the 2011 Stock Incentive Plan. In any calendar year, no covered employee described in Section 162(m) of the Internal Revenue Code may be granted (in the case of stock options and stock appreciation rights), or have vest (in the case of restricted stock or other stock-based awards), awards relating to more than 160,000 shares of Common Stock, and the maximum aggregate cash payout with respect to incentive awards paid in cash to such covered employees may not exceed $5,000,000.

The maximum number of shares of the Company's common stock, no par value, that may be delivered pursuant to awards granted under the 2011 Stock Incentive Plan is 750,000 shares of Common Stock. Any shares subject to an award under the 2011 Stock Incentive Plan that are forfeited or terminated, expire unexercised, lapse or are otherwise canceled in a manner such that the shares of common stock covered by such award are not issued may again be used for awards under the 2011 Stock Incentive Plan. A maximum of 375,000 shares of Common Stock may be issued upon exercise of incentive stock options. The maximum number of shares deliverable pursuant to awards granted under the 2011 Stock Incentive Plan is subject to adjustment by the Compensation Committee in the event of certain dilutive changes in the number of outstanding shares. Under the 2011 Stock Incentive Plan, the Company may issue authorized but unissued shares, treasury shares, or shares purchased by the Company on the open market or otherwise.

In addition, the number of shares of common stock available for future awards is reduced by the net number of shares issued pursuant to an award.

Our Board of Directors last approved the amended and restated 2011 Stock Incentive Plan on April 7, 2015 during a Board of Directors meeting.

Equity Compensation Plan Information

The following table summarizes information, as of June 30, 2017, regarding our equity compensation plans pursuant to which grants of stock options, restricted stock, and other rights to acquire shares of Company common stock may be granted from time to time.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column)
Equity compensation plans approved by security holders:			
2008 Stock Incentive Plan	46,750	$ 2.90	—
2011 Stock Incentive Plan	318,502	$ 6.55	4,000
Equity compensation plans not approved by security holders:			
None	—	$ —	—
Total	365,252	$ 6.08	4,000

Outstanding Equity Awards at the End of Fiscal Year 2017

The following table shows certain information about equity awards as of June 30, 2017:

	Option Awards (1)				Stock Awards	
Name	Number of Securities Underlying Unexercised Options Exercisable (#)(2)	Number of Securities Underlying Unexercised & Unearned Options (#)(3)	Option Exercise Price ($)	Expiration Date	Number of Shares Not Yet Vested (#)(4)	Market Value of Shares Not Yet Vested at Grant Date ($)
Thomas B. Pickens III	22,500	—	3.55	09/13/2021	—	—
	20,000	—	6.00	08/21/2022	—	—
	—	40,000	5.85	05/09/2027	—	—
Eric N. Stober	2,800	—	3.55	09/13/2021	—	—
	2,000	—	6.00	08/21/2022	—	—
	—	20,000	5.30	05/09/2027	—	—
Rajesh Mellacheruvu	5,333	2,666	16.00	04/07/2025	4,333	13,866
	34,000	—	7.50	02/17/2026	—	—
	—	25,671	5.30	05/09/2027	—	—

1. All exercisable options will expire 90 days after the date of employee's termination.
2. Options granted on September 13, 2011 and August 21, 2012 vested upon the Company's common stock achieving a closing price of $7.50 on October 21, 2013. These options expire 10 years from the grant date.
3. Options granted vest in equal annual installments over a three year period subject to the NEO's continuous employment with the Company.

4. Restricted shares awarded to Mr. Mellacheruvu vest over a three year period subject to his continued employment with the Company.

The following table provides information with respect to the vesting of each NEO's outstanding exercisable options:

Schedule of Vested Astrotech Stock Option Grants	Amount Vested (#)
Thomas B. Pickens III	42,500
Eric N. Stober	4,800
Rajesh Mellacheruvu	39,333

401(k) Savings Plan

We maintain a tax-qualified retirement plan that provides eligible employees, including NEOs, with an opportunity to save for retirement on a tax advantaged basis. All participants' interests in their deferrals are 100% vested when contributed. Contributions are allocated to each participant's individual account and are then invested in selected investment alternatives according to the participant's directions. Currently, the Company makes a matching contribution equal to 100% of the first 5% of the compensation a participant contributes to the 401(k) plan. The 401(k) plan is intended to qualify under Sections 401(a) and 501(a) of the Internal Revenue Code. As a tax-qualified retirement plan, contributions to the 401(k) plan and earnings on those contributions are not taxable to the employees until distributed from the 401(k) plan, and all contributions, if any, are deductible by the Company when made. The 401(k) plan does not promise any guaranteed minimum returns or above-market returns; the investment returns are dependent upon actual investment results. Accordingly, when determining annual compensation for executive officers, the Company does not consider the individuals' retirement plan balances and payout projections.

Potential Payments Upon Termination or Change in Control

As noted above, the Company has entered into an employment agreement with Mr. Pickens that provides for payments and other benefits in connection with termination of his employment for a qualifying event or circumstance and for enhanced payments in connection with such termination after a Change in Control (as defined below). A description of the terms with respect to each of these types of terminations follows.

Termination other than after a Change in Control

The employment agreement provides for payments of certain benefits upon the termination of the employment of the NEO. The NEO's rights upon termination of his employment depends upon the circumstances of the termination. For purposes of the employment agreement, Mr. Pickens' employment may be terminated at any time by the Company upon any of the following:

- Death of the NEO;
- In the event of physical or mental disability where the NEO is unable to perform his duties;
- For Cause or Material Breach where Cause is defined as conviction of certain crimes and/or felonies, and Material Breach is defined to include certain specified failures of the NEO to perform duties or uphold fiduciary responsibilities; or
- Otherwise at the discretion of the Company and subject to the termination obligations set forth in the employment agreement.

The NEO may terminate his employment at any time upon any of the following:

- Death of the NEO;
- In the event of physical or mental disability where the NEO is unable to perform his duties;
- The Company's material reduction in the NEO's authority, perquisites, position, title or responsibilities or other actions that would give the NEO the right to resign for "Good Reason;" or
- Otherwise at the discretion of the NEO and subject to the termination obligations set forth in the employment agreement.

Termination after a Change in Control

A termination after a Change in Control is similar to the severance provisions described above, except that Mr. Pickens becomes entitled to benefits under these provisions only if his employment is terminated within twelve months following a Change in Control. A Change in Control for this purpose is defined to mean (i) the acquisition by any person or entity of the beneficial ownership of securities representing 50% or more of the outstanding securities of the Company having the right under ordinary circumstances to vote at an election of the Board of Directors of the Company; (ii) the date on which the majority of the members of the Board of Directors of the Company consists

of persons other than directors nominated by a majority of the directors on the Board of Directors at the time of their election and (iii) the consummation of certain types of transactions, including mergers and the sale or other disposition of all, or substantially all, of the Company's assets.

As with the severance provisions described above, the rights to which the NEO is entitled under the Change in Control provisions upon a termination of employment are dependent on the circumstances of the termination. The definitions of Cause and other reasons for termination are the same in this termination scenario as in a termination other than after a Change in Control.

DIRECTOR COMPENSATION

Overview

Astrotech's director compensation program consists of cash-based as well as equity-based compensation. The Board of Directors recognizes that cash compensation is an integral part of the compensation program and has instituted a fixed and variable fee structure to provide compensation relative to the required time commitment of each director. The equity component of Astrotech's director compensation program is designed to build an ownership stake in the Company while conveying an incentive to directors relative to the returns recognized by our Shareholders.

Cash-Based Compensation

The Company's directors, other than the Chairman of each the Audit, Compensation, and Corporate Governance and Nominating Committees, receive an annual stipend of $40,000 paid upon the annual election of each non-employee director or upon joining the Board of Directors. The Chairman of the Audit Committee receives an annual stipend of $55,000, the Chairman of the Compensation Committee receives an annual stipend of $47,500, and the Chairman of the Corporate Governance and Nominating Committee receives an annual stipend of $45,000, recognizing the additional duties and responsibilities of each of those roles.

In addition, each non-employee director receives a meeting fee of $4,000 for each meeting of the Board of Directors attended by such director in person and $1,500 by conference call.

The Chairman of the Audit Committee receives $1,250 for attendance at Audit Committee meetings in person or by conference call; all other members of the Audit Committee receive $1,000 for attendance at meetings in person or by conference call. The Chairman of the Compensation Committee receives $1,000 for attendance at Compensation Committee meetings in person or by conference call; all other members of the Compensation Committee receive $750 for attendance at meetings in person or by conference call. The Chairman of the Corporate Governance and Nominating Committee receives $1,000 for attendance at Corporate Governance and Nominating Committee meetings in person or by conference call; all other members of the Corporate Governance and Nominating Committee receive $750 for attendance at meetings in person or by conference call. All directors are reimbursed ordinary and reasonable expenses incurred in exercising their responsibilities in accordance with the Business Expense Reimbursement policy applicable to all employees of the Company.

Equity-Based Compensation

Under provisions adopted by the Board of Directors, each non-employee director receives 5,000 shares of restricted common stock issued upon his first election to the Board of Directors, subject to board discretion. Other stock awards are given to the directors at the discretion of the Compensation Committee. Restricted stock and stock options granted typically terminate in 10 years. Already vested shares do not expire upon termination of the director's term on the Board of Directors.

Pension and Benefits

The non-employee directors are not eligible to participate in the Company's benefits plans, including the 401(k) plan.

Indemnification Agreements

The Company is party to indemnification agreements with each of its directors and executive officers that require the Company to indemnify the directors and executive officers to the fullest extent permitted by Washington state law. The Company's Articles of Incorporation also require the Company to indemnify both the directors and executive officers of the Company to the fullest extent permitted by Washington state law.

Fiscal Year 2017 Non-Employee Director Compensation Table

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Total ($)
Mark Adams	53,500	—	53,500
Sha-Chelle Manning	59,250	—	59,250
Daniel T. Russler, Jr.	65,500	—	65,500
Ronald W. Cantwell	75,000	—	75,000
Michael R. Humphrey	54,500	—	54,500
Total	307,750	—	307,750

The table below provides the number of outstanding stock options and unvested restricted stock held by each non-employee director as of June 30, 2017.

Name	Aggregate Number of Options Outstanding (#)	Aggregate Number of Unvested Restricted Stock Shares Outstanding (#)
Mark Adams	26,000	—
Sha-Chelle Manning	17,000	—
Daniel T. Russler, Jr.	17,000	—
Ronald W. Cantwell	8,000	6,666
Michael R. Humphrey	8,000	6,666
Total	76,000	13,332

PROPOSAL 2 - REINCORPORATION FROM WASHINGTON TO DELAWARE

APPROVAL TO REINCORPORATE ASTROTECH CORPORATION FROM THE STATE OF WASHINGTON TO THE STATE OF DELAWARE

The Board of Directors has unanimously approved and recommends to the Company's shareholders this proposal to change the Company's state of incorporation from the State of Washington to the State of Delaware (the "Reincorporation"). If the Company's shareholders approve this proposal, the Company will accomplish the Reincorporation as described below.

The Plan of Conversion

The Company intends to effect the Reincorporation by converting into a Delaware corporation (the "Conversion"). The Company will convert into a Delaware corporation, with all of the rights, privileges, powers, properties and debts of the Company to be unaffected. The Company will effect the Reincorporation by filing a Certificate of Conversion, attached hereto as Appendix A, and the proposed Delaware Certificate of Incorporation, including the Certificate of Designation of Series A Junior Participating Preferred Stock, in substantially the form attached to this Proxy Statement as Appendix C (the "Delaware Charter") with the Delaware Secretary of State and by filing Articles of Entity Conversion with the Washington Secretary of State. In order to file Articles of Entity Conversion with the Washington Secretary of State, shareholders must approve the Plan of Entity Conversion attached hereto as Appendix B. A shareholder's vote in favor of this Proposal 2 will constitute approval of the Certificate of Conversion, Plan of Entity Conversion and the Delaware Charter. If this Proposal is approved by the shareholders, the Company expects to file the Certificate of Conversion and Delaware Charter with the Delaware Secretary of State and Articles of Entity Conversion with the Washington Secretary of State, as soon as possible following the Annual Meeting.

The Reincorporation Process

If the Conversion becomes effective, the Company will be governed by the Delaware Charter and by the Delaware By-laws, substantially in the form attached to this Proxy Statement as Appendix D (the "Delaware By-laws"). The Company will be governed by the Delaware General Corporation Law (the "DGCL") instead of the Washington Business Corporation Act ("WBCA"). The Company's current Washington Charter and Washington By-laws will cease to have any force or effect following the Reincorporation.

The address and phone number of the Company's principal office will stay the same. Following the Reincorporation, the Company will have the same operations, assets and obligations. We believe that there will be no material accounting consequences resulting from the Reincorporation. Each outstanding share of Company common stock will be automatically converted into one share of common stock of the Delaware corporation resulting from the conversion. Any stock certificate representing issued and outstanding shares of common stock before the conversion will continue to represent the same number of shares of common stock after the conversion.

Effective Time

If the Reincorporation is approved, it is anticipated that the Board of Directors will cause the Reincorporation to be effected as promptly as practicable following the Annual Meeting. However, the Reincorporation may be delayed or terminated and abandoned by action of the Board of Directors at any time prior to the effective time, whether before or after the approval by the Company's shareholders, if the Board of Directors determines for any reason, in its sole judgment and discretion, that the consummation of the Reincorporation should be delayed or would be inadvisable or not in the best interests of the Company and its shareholders, as the case may be.

Reasons for the Reincorporation

The Board of Directors believes that shareholder approval of the Reincorporation provides the following advantages to the Company:

- Delaware corporate law is highly developed and predictable;
- the Company will have access to Delaware's specialized courts for corporate law;
- the Company may find it easier to recruit future board members and other leaders;
- the Company's ability to raise outside capital may be improved;
- the Reincorporation will likely reduce legal fees and administrative burdens; and
- the Reincorporation will not impact the Company's daily business operations or require relocation of offices.

Highly Developed and Predictable Corporate Law

The Board of Directors believes Delaware has one of the most modern statutory corporation laws, which is revised regularly to meet changing legal and business needs of corporations. The Delaware legislature is responsive to developments in modern corporate law and Delaware has proven sensitive to changing needs of corporations and their shareholders. The Delaware Secretary of State is

particularly flexible and responsive in its administration of the filings required for mergers, acquisitions and other corporate transactions. Delaware has become a preferred domicile for many major U.S. corporations and the DGCL and administrative practices have become comparatively well-known and widely understood. As a result of these factors, it is anticipated that the DGCL will provide greater efficiency, predictability and flexibility in our legal affairs than is presently available under the WBCA.

Access to Specialized Courts

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

Easier Recruitment of Future Board Members and Other Leaders

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

Additionally, the parameters of director and officer liability are more extensively addressed in Delaware court decisions and are therefore better defined and better understood than under the WBCA. The Board of Directors believes that Reincorporation in Delaware will enhance the Company’s ability to recruit and retain directors and officers in the future, while providing appropriate protection for shareholders from possible abuses by directors and officers.

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

Improved Ability to Raise Capital

In the opinion of the Board of Directors, underwriters and other members of the financial services industry may be more willing and better able to assist in capital-raising programs for corporations having the greater flexibility afforded by the DGCL.

Opportunity to Reduce Legal Fees and Administrative Burden

The Company regularly looks for ways to reduce administrative burden and reduce costs. The Board of Directors expects the familiarity and proliferation of Delaware law to assist in the reduction of administrative burden.

No Impact on Business Locations

The Reincorporation will not result in the Company moving its headquarters from Texas and will not require relocating the physical location of any of its offices due solely to the Reincorporation.

Regulatory Approval

The only required regulatory or governmental approvals or filings necessary in consummating the Reincorporation will be the filing of the Articles of Entity Conversion with the Secretary of State of Washington, the filing of the Certificate of Conversion and Delaware Charter with the Secretary of State of Delaware and filings with the SEC under the Exchange Act.

Comparison of Shareholder Rights Before and After the Reincorporation

Because of differences between the WBCA and the DGCL, as well as differences between the Company’s charter and by-laws before and after the Reincorporation, the Reincorporation will effect some changes in the rights of the Company’s shareholders. Summarized below are the most significant differences between the rights of the shareholders of the Company before and after the Reincorporation, as a result of the differences among the WBCA and the DGCL, the Washington Charter and the Delaware Charter, and the Washington By-laws and the Delaware By-laws.

The summary below is not intended to be relied upon as an exhaustive list of all differences or a complete description of the differences between the DGCL and the Delaware Charter and the Delaware By-laws, on the one hand, and the WBCA and the Washington Charter and Washington By-laws, on the other hand. The summary below is qualified in its entirety by reference to the WBCA, the Washington Charter, the Washington By-laws, the DGCL, the Delaware Charter and the Delaware By-laws. The Washington Charter and Washington By-laws are publicly available in our filings with the SEC, which are available on the SEC's web site at http://www.sec.gov.

Capital Stock; Rights Agreement

Delaware Provisions

The Washington Charter currently authorizes the Company to issue (i) up to 15,000,000 shares of its common stock and (ii) up to 2,500,000 shares of preferred stock. Under the Delaware Charter, this will not change. The Delaware Charter will designate a par value of $0.001 for both common stock and preferred stock.

The holders of common stock will be entitled to one vote for each share on all matters voted on by all of the shareholders, including the election of directors. Notwithstanding the foregoing, under the Delaware Charter holders of common stock shall not be entitled to vote on any amendment to the Delaware Charter that relates solely to the terms of one or more outstanding series of preferred stock if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon pursuant to the Delaware Charter (including any provisions added to the Delaware Charter in the future as a result of the Board of Directors authorizing preferred stock for issuance). The holders of common stock will not have any cumulative voting, conversion, redemption or preemptive rights. The holders of common stock will be entitled to such dividends as may be declared from time to time by the Board of Directors from funds available therefor.

The Delaware Charter authorizes the Board of Directors to adopt one or more resolutions to provide for the issuance of one or more series of preferred stock and to establish the designation, powers, preferences and rights of the shares of each series. The rights of a series of preferred stock may include, without limitation, rights to voting, redemption, conversion and preferences on dividends and liquidation distributions, that are not provided to the holders of common stock.

On July 29, 2009, the Board of Directors declared a dividend of one preferred share purchase right (a “Right”) for each outstanding share of common stock. The dividend was payable on August 10, 2009 to the shareholders of record on that date. Each Right entitles the registered holder to purchase from the Company one one thousandth of a share of Series D Junior Participating Preferred Stock (the “Washington Junior Preferred Stock”) of the Company, at a price of $3.31 per share of, subject to adjustment. The description and terms of the Rights are set forth in a Rights Agreement (as amended, the “Rights Agreement”) between the Company and American Stock Transfer & Trust Company, LLC, as Rights Agent. In connection with the Reincorporation, the Company will amend the Rights Agreement so that each Right will entitle the registered holder to purchase from the Company one one thousandth of a share of Series A Junior Participating Preferred Stock of the Company (the “Delaware Junior Preferred Stock”). The terms of the Delaware Junior Preferred Stock are substantially the same as the terms of the Washington Junior Preferred Stock.

The rights under the Rights Plan are only exercisable following a Distribution Date (or other event) set forth in the Rights Plan. As such Rights are not currently exercisable and they will not become exercisable as a result of the Reincorporation.

Washington Provisions

The Washington Charter currently authorizes the Company to issue (i) up to 15,000,000 shares of its common stock and (ii) up to 2,500,000 shares of preferred stock. Under the Delaware Charter, this will not change. The Washington Charter designates no par value for both common stock and preferred stock.

The holders of the Company’s common stock are entitled to one vote for each share on all matters voted on by all of the shareholders, including the election of directors. The holders of the Company’s common stock do not have any cumulative voting, conversion, redemption or preemptive rights. The holders of the Company’s common stock are entitled to such dividends as may be declared from time to time by the Company’s Board of Directors from funds legally available therefor.

The Washington Charter authorizes the Board of Directors to adopt one or more resolutions to provide for the issuance of one or more series of preferred stock and to establish the designation, powers, preferences and rights of the shares of each series. The rights of a series of preferred stock may include, without limitation, rights to voting, redemption, conversion and preferences on dividends and liquidation distributions, that are not provided to the holders of common stock.

The terms of the Delaware Junior Preferred Stock are substantially similar to the terms of the Washington Junior Preferred Stock.

Number of Directors; Election; Removal; Filling Vacancies

Delaware Provisions

The Delaware Charter provides that the maximum number of directors will be 15, with the exact number determined from time to time by a majority of the entire Board of Directors. Delaware law permits corporations to classify their Board of Directors so that less than all of the directors are elected each year to overlapping terms. The Delaware Charter will not provide for a classified board. Each director will serve for a term ending on the date of the subsequent annual meeting following the annual meeting at which such director was elected. Directors hold office until their successors are elected and qualified or until their earlier death, resignation, retirement, disqualification or removal.

Under the DGCL, directors may be removed with or without cause, provided that directors may only be removed for cause if a corporation has a classified board. Because the Delaware Charter and Delaware By-laws do not establish a classified board, directors may be removed with or without cause. Delaware law generally provides that a director may be removed by the affirmative vote of a majority of the shares then entitled to vote at an election of directors. The Delaware Charter provides that a vacancy on the Board of Directors, including any vacancy resulting from an enlargement of the Board of Directors, shall be filled exclusively by a majority of the directors then in office.

Washington Provisions

The Washington Charter provides that the maximum number of directors will be 15, with the exact number determined from time to time by a majority of the entire Board of Directors. The directors are elected by the shareholders at the annual meeting and all directors hold office until their successors are elected and qualified, or until their earlier death, resignation or removal. The WBCA permits a corporation to classify its Board of Directors so that less than all of the directors are elected each year to overlapping terms. The Washington Charter does not provide for a classified Board of Directors and each director serves for a term ending on the date of the next subsequent annual meeting following the annual meeting at which such director was elected.

Under the WBCA, shareholders may remove one or more directors with or without cause unless the articles of incorporation provide that directors may be removed only for cause. The Washington Charter provides that any director may be removed only for cause, from office at any time, at a meeting called for that purpose, and only by the affirmative vote of the holders of a majority of the votes entitled to be cast thereon. The Washington Charter provides that a vacancy on the Board of Directors, including a vacancy resulting from an enlargement of the Board of Directors, shall be filled by a majority of the directors then in office.

Cumulative Voting for Directors

Delaware Provisions

Delaware law permits cumulative voting if provided in the certificate of incorporation. The Delaware Charter will allow cumulative voting only if it is provided in respect to a series of preferred stock created and issued in the future.

Washington Provisions

Under Washington law, unless the articles of incorporation provide otherwise, shareholders are entitled to use cumulative voting in the election of directors. The Washington Charter provides that cumulative voting does not exist with respect to shares of stock of the Company.

Business Combinations; Interested Transactions

Delaware Provisions

Section 203 of the DGCL provides that, subject to certain exceptions specified therein, a corporation shall not engage in any business combination (which includes certain mergers, sales and leases of assets, issuances of securities and similar transactions) with any “interested stockholder” for a three-year period following the time that such person or entity becomes an interested stockholder unless (i) prior to such time, the Board of Directors of the corporation approved either the business combination or the transaction which resulted in the shareholder becoming an interested stockholder, (ii) upon consummation of the transaction which resulted in the shareholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced (excluding shares held by certain persons) or (iii) on or subsequent to such time, the business combination is approved by the Board of Directors of the corporation and by the affirmative vote at an annual or special meeting, and not by written consent, of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder. Except as specified in Section 203 of the DGCL, an interested stockholder is defined to include (a) any person that is the owner of 15% or more of the outstanding voting stock of the corporation, or is an affiliate or associate of the corporation and was the owner of 15% or more of the outstanding voting stock of the corporation at any time within three years immediately prior to the relevant date, and (b) the affiliates and associates of any such person.

Under certain circumstances, Section 203 of the DGCL may make it more difficult for a person who would be an “interested stockholder” to effect various business combinations with a corporation for a three-year period, although the corporation’s certificate of incorporation or shareholders may elect to exclude a corporation from the restrictions imposed thereunder. The Delaware Charter and the Delaware By-laws do not contain any provision electing to

exclude the Company from the restrictions of Section 203 of the DGCL. It is anticipated that the provisions of Section 203 of the DGCL may encourage companies interested in acquiring the Company to negotiate in advance with the our Board of Directors, since the 66 2/3% shareholder approval requirement would be avoided if the Board of Directors approve either the business combination or the transaction which results in the shareholder becoming an interested stockholder.

Washington Provisions

Washington law imposes restrictions on certain transactions between a Washington publicly-traded corporation and certain significant shareholders. Chapter 23B.19 of the WBCA prohibits a "target corporation" from engaging in certain "significant business transactions" with a person or group who acquires voting shares representing 10% or more of the voting power of a target corporation (an "acquiring person") for a period of five years after such acquisition, unless the significant business transaction with, or the acquisition of shares by, the acquiring person is approved by a majority of the members of the target corporation's Board of Directors prior to the date of the share acquisition or, at or subsequent to the date of the share acquisition, the significant business transaction is approved by a majority of the members of the target corporation's Board of Directors and authorized at a shareholders' meeting by the vote of at least two-thirds of the outstanding voting shares of the target corporation, excluding shares owned or controlled by the acquiring person. "Significant business transactions" include, among others, a merger or consolidation with, disposition of assets to, or issuance or redemption of stock to or from, the acquiring person, termination of 5% or more of the employees of the target corporation as a result of the acquiring person's acquisition of 10% or more of the shares, or allowing the acquiring person to receive any disproportionate benefit as a shareholder. After the five-year period during which significant business transactions are prohibited, certain significant business transactions may occur if certain "fair price" criteria or shareholder approval requirements are met. Target corporations include all publicly-traded corporations incorporated under Washington law, as well as publicly traded foreign corporations that meet certain requirements.

In contrast to the comparable provisions under Delaware law, a Washington publicly-traded corporation is not permitted to exclude itself from these restrictions.

Limitation of Liability of Directors

Delaware Provisions

The DGCL permits a corporation to include a provision in its certificate of incorporation eliminating or limiting the personal liability of a director to the corporation or its shareholders for damages for certain breaches of the director's fiduciary duty. However, no such provision may eliminate or limit the liability of a director: (i) for any breach of the director's duty of loyalty to the corporation or its shareholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) under Section 174 of the DGCL, which concerns payment of unlawful dividends or illegal redemptions or stock repurchases; or (iv) for any transaction from which the director derived an improper personal benefit.

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

Washington Provisions

The WBCA permits a corporation to include in its articles of incorporation provisions that eliminate or limit the personal liability of a director to the corporation or its shareholders for monetary damages for conduct as a director, provided that such provisions may not eliminate or limit the liability of a director for acts or omissions that involve (i) intentional misconduct by the director or a knowing violation of law by a director, (ii) liability for unlawful distributions or (iii) any transaction from which the director will personally receive a benefit in money, property or services to which the director is not legally entitled. The exclusions from a director's limitation of liability are narrower and more specific under Washington law than under the comparable provisions of Delaware law, with the result that the scope of the elimination of liability may be broader under Washington law.

The Washington Charter provides that a director of the Company shall have no personal liability to the Company or its shareholders for monetary damages for breach of conduct as a director; provided that a director will remain liable for acts or omissions that involve intentional misconduct by a director or a knowing violation of law by a director, for voting or assenting to an unlawful distribution, or for any transaction from which the director will personally receive a

benefit in money, property, or services to which the director is not legally entitled. This provision does not affect the availability of equitable remedies such as an injunction based upon a director's breach of the duty of care.

Indemnification of Officers and Directors

Both the WBCA and the DGCL permit a corporation to indemnify officers, directors, employees and agents for certain liabilities, losses and expenses they incur by reason of their service to the corporation. Both states' laws provide that a corporation may advance expenses of defense in certain circumstances, and both states permit a corporation to purchase and maintain liability insurance for its directors and officers.

Delaware Provisions

The DGCL generally requires a corporation to indemnify a current or former director or officer against expenses incurred in defending a proceeding related to such person's service to the corporation to the extent such person has been successful on the merits or otherwise in such proceeding. In addition, the DGCL generally provides that a corporation may indemnify, among others, its present and former directors and officers against expenses (including attorney's fees), judgments, fines and amounts paid in settlement of actions, if certain requirements are met including that the individual acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of the corporation; except that no indemnification may be paid against judgments and amounts paid in settlements in actions by or in the right of the corporation. A Delaware corporation generally may not indemnify a person against expenses to the extent the person is adjudged liable to the corporation.

The Delaware By-laws generally provide that the Company will indemnify, to the fullest extent authorized by the DGCL, among others, any person who was or is a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that such person is or was a director or officer of the Company against all expense, liability and loss (including attorneys' fees) incurred by such person in connection, therewith, subject to certain exceptions. The Delaware By-laws generally provide that current and former directors and officers will be entitled to receive from the Company advancement for expenses (including, without limitation, attorneys' fees) incurred in defending any such action, suit or proceeding provided that a person delivers an undertaking to repay the amounts so advanced if it is ultimately determined that he or she is not entitled to indemnification for these expenses.

Washington Provisions

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

The WBCA also provides that, unless a corporation's articles of incorporation provide otherwise, (i) indemnification is mandatory if the director is wholly successful on the merits or otherwise in such a proceeding, and permits a director to apply for court-ordered indemnification and (ii) an officer of the corporation who is not a director is entitled to mandatory indemnification and is entitled to apply for court-ordered indemnification to the same extent as a director. The Washington Charter does not limit these statutory rights to mandatory indemnification.

The Washington Charter and Washington By-laws generally provide that to the full extent permitted by the WBCA, the Company shall indemnify any person made or threatened to be made a party to any proceeding by reason of the fact that he or she is or was a director or officer of the Company, or is or was serving at the request of the Company as a director or officer of another corporation, against all expense, liability and loss (including, without limitation, attorneys' fees) actually and reasonably incurred or suffered by such person in connection with the proceeding, and that reasonable expenses (including , without limitation, attorneys' fees) incurred by such person in defending a proceeding shall be paid by the Company in advance of the final disposition of such proceeding upon receipt of a written affirmation of the director's good faith belief that the director met the requisite standard of conduct and a written undertaking to repay the advance if it is ultimately determined that the director did not meet the standard of conduct.

Special Meetings of Shareholders

Delaware Provisions

Under the DGCL, a special meeting of shareholders may be called by the corporation's Board of Directors or by such persons as may be authorized by the corporation's certificate of incorporation or By-laws. The Delaware Charter provides that a special meeting may be called at any time only by (i) the Board of Directors pursuant to a resolution approved by the affirmative vote of a majority of the directors then in office, (ii) the Chairman of the Board or (iii) the Chief Executive Officer.

Washington Provisions

Under the WBCA, a corporation must hold a special meeting of shareholders upon request by the Board of Directors or by such persons authorized to do so by the articles of incorporation or By-laws. Generally, a corporation must also hold a special meeting of shareholders if the holders of at least ten percent of all votes entitled to be cast at a special meeting deliver to the corporation a demand for a special meeting. However, a corporation that is a public company

may in its articles of incorporation limit or deny the right of shareholders to call a special meeting.
The Washington Charter provide that special meetings of shareholders may be called only by (i) the Board of Directors pursuant to a resolution approved by the affirmative vote of a majority of the directors then in office, (ii) the Chairman of the Board or (iii) the President.

Amendment or Repeal of the Certificate of Incorporation

Delaware Provisions

Under the DGCL, unless the certificate of incorporation requires a greater vote, amendments to the certificate of incorporation must be approved by the Board of Directors and generally require the approval of the holders of a majority of the outstanding stock entitled to vote thereon, except that a corporation may amend the certificate of incorporation to change the corporation's name or to delete certain inoperative provisions(including information about the incorporator and the initial directors and provisions for stock reclassifications and stock splits that have already been effected) without shareholder approval.

Washington Provisions

Under the WBCA, a Board of Directors may amend the corporation's articles of incorporation without shareholder approval (i) to change any provisions with respect to the par value of any class of shares, if the corporation has only one class of shares outstanding, (ii) to delete the names and addresses of the initial directors, (iii) to delete the name and address of the initial registered agent or registered office, (iv) if the corporation has only one class of shares outstanding, solely to effect a forward or reverse stock split, or change the number of authorized shares of that class in proportion to such forward or reverse split or (v) to change the corporate name. Other amendments to the articles of incorporation must be approved, in the case of a public company, by the Board of Directors and a majority of the votes entitled to be cast on the proposed amendment, provided that the articles of incorporation may require a greater vote.

Amendment to By-laws

Delaware Provisions

Under the DGCL, directors may amend the by-laws of a corporation only if such right is expressly conferred upon the directors in its certificate of incorporation. The Delaware Charter provides that the Board of Directors will have the power to adopt, amend, alter or repeal the Delaware By-laws. Under the DGCL, the shareholders also possess the right to amend, alter or repeal a corporation's by-laws. The Delaware By-laws provide that its terms may be amended by the shareholders by the affirmative vote of the holders of a majority of the voting power of the Company's outstanding shares that are entitled to vote on the amendment.

Washington Provisions

The WBCA provides that the Board of Directors may amend or repeal a corporation's by-laws, or adopt new by-laws, unless (i) the articles of incorporation reserve this power exclusively to the shareholders or (ii) the shareholders, in amending, repealing or adopting a particular by-law, provide expressly that the Board of Directors may not amend or repeal that by-law. The shareholders may also amend or repeal a corporation's by-laws, or adopt new by-laws, even though the by-laws may also be amended or repealed by the Board of Directors. The Washington Charter provides that the Board of Directors has the power to adopt, amend or repeal the by-laws of the Company.

Committees of the Board of Directors

Delaware Provisions

The DGCL provides that the Board of Directors may delegate certain of its duties to one or more committees. A Delaware corporation can delegate to a committee of the Board of Directors, among other things, the responsibility of nominating candidates for election to the office of director, to reduce earned or capital surplus, and to authorize the acquisition of the corporation's own stock. Under the DGCL, a committee may not (i) approve or adopt (or recommend to the shareholders) any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to shareholders for approval; or (ii) adopt, amend or repeal the by-laws of the corporation.

Washington Provisions

The WBCA also provides that the Board of Directors may delegate certain of its duties to one or more committees elected by a majority of the Board of Directors. Under the WBCA, each committee may exercise such powers of the Board of Directors as are specified by the Board of Directors; however, a committee may not (i) authorize or approve a distribution except in accordance with a general formula or method prescribed by the Board of Directors, (ii) approve or propose to shareholders any action that the WBCA requires be approved by shareholders, (iii) fill vacancies on the Board of Directors or on any of its committees, (iv) approve amendments to the articles of incorporation not requiring shareholder approval, (v) adopt, amend or repeal By-laws, (vi) approve a plan of merger

not requiring shareholder approval or (vii) approve the issuance or sale of shares or determine the designation and relative rights, preferences and limitations of a class or series of shares except within limits specifically prescribed by the board.

Mergers, Acquisitions and Shareholder Voting on Other Actions

Delaware Provisions

Under the DGCL, and subject to limited exceptions, a merger, consolidation, sale of all or substantially all of a corporation's assets other than in the regular course of business or dissolution of a corporation must be approved by the Board of Directors and the holders of a majority of the outstanding shares entitled to vote. No vote of shareholders of a constituent corporation surviving a merger, however, is required (unless the corporation provides otherwise in its certificate of incorporation) if (i) the corporation's certificate of incorporation is not amended in the merger, the shares of stock of the corporation remain outstanding and the common stock of the corporation issued in the merger does not exceed 20% of the previously outstanding common stock; or (ii) the merger is with a wholly owned subsidiary for the purpose of forming a holding company and, among other things, the certificate of incorporation and by-laws of the holding company immediately following the merger will be identical to the certificate of incorporation and by-laws of the corporation prior to the merger.

The default quorum and voting requirements (for electing directors and taking other actions for which a vote is not required by applicable law) set forth in the Delaware By-laws are substantially the same as the quorum and voting requirements set forth in the Washington Charter and Washington By-laws, except that, following the Reincorporation, the presence in person or by proxy of the holders one-third of the stock outstanding and entitled to vote will constitute a quorum at annual and special meetings of shareholders.

Washington Provisions

Under the WBCA, a merger, share exchange, sale of all or substantially all of a corporation's assets other than in the regular course of business, or dissolution of a corporation must be approved by the Board of Directors and by two-thirds of all votes entitled to be cast by each voting group entitled to vote as a separate group, unless a higher or lower proportion is specified in the articles of incorporation. The Washington Charter does not alter this requirement. The WBCA also provides that certain mergers need not be approved by the shareholders of the surviving corporation if (i) the articles of incorporation will not change in the merger, except for specified permitted amendments; (ii) no change occurs in the number, designations, preferences, limitations and relative rights of shares held by those shareholders who were shareholders prior to the merger; (iii) the number of voting shares outstanding immediately after the merger, plus the voting shares issuable as a result of the merger, will not exceed the authorized voting shares specified in the surviving corporation's articles of incorporation immediately prior to the merger; and (iv) the number of participating shares outstanding immediately after the merger, plus the number of participating shares issuable as a result of the merger, will not exceed the authorized participating shares specified in the corporation's articles of incorporation immediately prior to the merger.

Class Voting

Delaware Provisions

The DGCL requires voting by a separate class of stock only with respect to amendments to the certificate of incorporation that adversely affect the powers, preferences or special rights of the class or that increase or decrease the aggregate number of authorized shares or the par value of the shares of the class. The class vote to increase or decrease the aggregate number of authorized shares of a class may be eliminated by a provision in the certificate of incorporation. The Delaware Charter provides that no class vote of preferred stock is required to increase or decrease the aggregate number of authorized shares of preferred stock.

Washington Provisions

Under the WBCA, a corporation's articles of incorporation may authorize one or more classes or series of shares that have special, conditional or limited voting rights, including the right to vote on certain matters as a group. Additionally, under the WBCA, classes or series of shares have, by default application, special voting rights with respect to certain corporate matters, such as certain amendments to the articles of incorporation and mergers and share exchanges. Under the WBCA, a corporation's articles of incorporation may expressly limit the rights of holders of a class or series to vote as a group with respect to certain amendments to the articles of incorporation and as to mergers and share exchanges, even though they may adversely affect the rights of holders of that class or series.

Preemptive Rights

Delaware Provisions

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

Washington Provisions

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

Transactions with Officers and Directors

Delaware Provisions

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

Washington Provisions

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

Stock Redemptions and Repurchases

Delaware Provisions

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

Washington Provisions

Under the WBCA, a corporation may repurchase or redeem its own shares provided that no repurchase or redemption may be made if, after giving effect to the repurchase or redemption (i) the corporation would not be able to pay its liabilities as they become due or (ii) the corporation's total assets would be less than the sum of its total liabilities plus the amount that would be needed, if the corporation were to be dissolved at the time of the repurchase or redemption, to satisfy the preferential rights upon dissolution of shareholders whose preferential rights are superior to those whose shares are being repurchased or redeemed.

Proxies

Delaware Provisions

Under the DGCL, a proxy executed by a shareholder will remain valid for a period of three years unless the proxy provides for a longer period. Under the DGCL, a duly executed proxy will be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power, and the interest may be in the stock itself or an interest in the corporation generally.

Washington Provisions

Under the WBCA, a proxy executed by a shareholder will remain valid for 11 months unless a longer period is expressly provided in the appointment, or unless it is revoked by such shareholder. A proxy will be irrevocable by the shareholder granting it if it includes a statement as to its irrevocable nature, and is coupled with an interest.

Consideration for Stock

Delaware Provisions

Under the DGCL, shares of stock with par value may be issued for such consideration, having a value not less than the par value of the shares being issued, as determined from time to time by the Board of Directors. The consideration received by the corporation for issuing stock may consist of cash, any tangible or intangible property or any benefit to the corporation, or any combination of these forms of consideration.

Washington Provisions

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

Appraisal and Dissenters' Rights

Under the DGCL and the WBCA, shareholders have appraisal or dissenter's rights, respectively, in the event of certain corporate actions such as a merger (though the availability of dissenter's rights under the WBCA occurs in more circumstances than under the DGCL). These rights include the right to dissent from voting to approve such corporate action, and demand fair value for the shares of the dissenting shareholder.

Delaware law provides that a holder of shares of any class or series has the right, in specified circumstances, to dissent from a merger or consolidation by demanding payment in cash for the shareholder's shares equal to the fair value of those shares, as determined by the Delaware Court of Chancery in an action timely brought by the corporation or by a dissenting shareholder. Delaware law grants these appraisal rights only in the case of mergers and consolidations and limited actions that convert a corporation into a "public benefit corporation." Delaware law provides an exception to a shareholder's appraisal rights commonly known as the "market-out" exception. In accordance with this exception, appraisal rights will not be available if shareholders hold stock of a corporation that is either (i) listed on a national securities exchange or (ii) held of record by more than 2,000 holders. There is no similar exception under Washington law. Holders of common stock will not have appraisal rights under Delaware law while the market-out exception is applicable, except in circumstances where such holders would receive consideration in a transaction other than (a) stock of the surviving corporation, (b) stock of any other corporation that is or will be listed on a national securities exchange or held by more than 2,000 shareholders of record, (c) cash in lieu of fractional shares or (d) any combination of the foregoing. In addition, subject to limited exceptions, appraisal rights are generally not available (i) to holders of shares of the surviving corporation in specified mergers that do not require the vote of the shareholders of the surviving corporation or (ii) with respect to stock that, immediately before a merger or consolidation, was listed on a national securities exchange and either the total number of shares demanding appraisal represent 1% or less of the outstanding shares of the class of such stock or the value of the consideration provided in the merger for such shares demanding appraisal is $1 million or less.

If a proposed corporate action creating dissenters' rights under the WBCA is submitted to a vote at a shareholders meeting, a shareholder who wishes to assert dissenters' rights must (i) deliver to the corporation, before the vote is taken, written notice of his intent to demand payment for his shares if the proposed action is effected and (ii) not vote his shares in favor of the proposed action. If fair value is unsettled, the WBCA provides various procedures for the dissenter and the corporation to arrive at a fair value, which may ultimately be resolved by petition to a superior court of the county in Washington where a corporation's principal office or registered office is located. The WBCA requires a corporation to pay dissenting shareholders the amount the corporation estimates to be the fair value of their shares, plus interest, generally within 30 days following the effective date of the corporate action. In contrast, under the DGCL, shareholders exercising their appraisal rights will not receive any money for their shares until the entire proceeding concludes, unless there is a settlement of the appraisal claims or a decision by the surviving corporation to pay dissenting shareholders a sum determined by the surviving corporation before the conclusion of the appraisal proceeding in order to defray interest on the appraisal award. Under certain circumstances, this difference with respect to timing of payment to shareholders exercising dissenter's rights may make it more difficult for a person to exercise such rights.

This discussion of appraisal or dissenter's rights is qualified in its entirety by reference to the DGCL and the WBCA, which provide more specific provisions and requirements for dissenting shareholders.

Dividends

Delaware Provisions

The DGCL provides that the corporation may pay dividends out of surplus, or, in case there is no surplus, out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year, except when the capital is diminished to an amount less than the aggregate amount of capital represented by issued and outstanding stock having

a preference on the distribution of assets. The DGCL permits a corporation to pay a dividend consisting of shares of its capital stock by transferring from surplus to the corporation's capital an amount equal to the aggregate par value of the shares issued pursuant to the dividend.

Washington Provisions

The WBCA provides that shares may be issued pro rata and without consideration to the corporation's shareholders as a share dividend. The Board of Directors may authorize other distributions to its shareholders provided that no distribution may be made if, after giving it effect, (i) the corporation would not be able to pay its liabilities as they become due in the usual course of business or (ii) the

corporation's total assets would be less than the sum of its total liabilities plus the amount that would be needed, if the corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of shareholders whose preferential rights are superior to those receiving the distribution.

Corporate Action Without a Shareholder Meeting

Delaware Provisions

The DGCL permits corporate action without a meeting of shareholders upon the written consent of the holders of that number of shares necessary to authorize the proposed corporate action being taken, unless the certificate of incorporation provides otherwise. The Delaware Charter prohibits shareholders from taking action by written consent.

Washington Provisions

If the corporation is a public company, the WBCA only permits action to be taken by shareholders without holding an actual meeting if the action is taken unanimously by all shareholders entitled to vote on the action.

Advance Notice of Director Nomination and Proposals by Shareholders

Delaware Provisions

The Delaware By-laws require shareholders who wish to nominate a person for election as a director or to propose other business to submit a written notice in advance of an annual or special meeting of shareholders that contains a description of the proposal or nomination and certain information with respect to the shareholder, including the name and address of the shareholder as it appears on the books of the Company. Compared to the Washington By-laws, the Delaware By-laws require a shareholder to provide more detailed information about its nominees for director and more information about the stock and certain other derivative securities that may be owned by the shareholder and its affiliates. To be timely in connection with an annual meeting, the notice of nominees or proposals must be delivered to the Secretary of the Company not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the previous year's annual meeting, provided that a different deadline applies if the meeting is more than 30 days before or more than 60 days after such anniversary date. Under the Delaware By-laws, a nominee for director must provide additional information and representations to be qualified to serve as a director, including an agreement to comply with the Board's publicly disclosed policies and providing disclosure to the Company about any arrangements that the nominee may have with third parties regarding his or her nomination or election (including any agreements about how the nominee would vote as a director if elected and whether the nominee will receive compensation from a third party with respect to the nominee's election or service as a director). These notice requirements do not apply to proposals included in the Company's proxy materials pursuant to Rule 14a-8 promulgated under the Securities Exchange Act of 1934.

Washington Provisions

The Washington By-laws require shareholders who wish to nominate a person for election as a director or to propose other business to submit a written notice in advance of an annual or special meeting of shareholders that contains a description of the proposal or nomination and certain information with respect to the shareholder, including the name and address of the shareholder as it appears on the books of the Company. To be timely in connection with an annual meeting, the notice of nominees or proposals must be delivered to the Secretary of the Company not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the previous year's annual meeting, provided that a different deadline applies if the meeting is more than 30 days before or more than 60 days after such anniversary date. These notice requirements do not apply to proposals included in the Company's proxy materials pursuant to Rule 14a-8 promulgated under the Securities Exchange Act of 1934.

Forum Selection

Delaware Provisions

The Delaware Charter includes a forum selection provision, which requires a record or beneficial owner of stock to bring certain legal actions (including claims against the directors and officers for breach of fiduciary duty) exclusively in the Delaware Court of Chancery (or another Delaware court if the Court of Chancery does not have jurisdiction), unless the Company consents in writing to a different forum. The forum selection provisions applies to actions brought directly by record or beneficial owners and to derivative actions that a person proposes to bring on behalf of the Company.

Washington Provisions

The Washington Charter and Washington By-laws do not include a forum selection provision.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE APPROVAL OF THE REINCORPORATION OF THE COMPANY FROM THE STATE OF WASHINGTON TO THE STATE OF DELAWARE.

PROPOSAL 3 – RATIFICATION OF INDEPENDENT AUDITOR

On April 1, 2015, the Astrotech Audit Committee engaged BDO USA, LLP as independent auditor for the fiscal year ended June 30, 2015. With regards to this proposal, the Board of Directors is requesting the shareholders to ratify the appointment of BDO USA, LLP as the Company's independent auditor for the fiscal year ending June 30, 2018. The ratification of the appointment of BDO USA, LLP as our Independent Registered Public Accounting Firm for fiscal year 2018 requires the affirmative vote of a majority of the total number of votes cast at the Annual Meeting by the holders of shares of our common stock.

Ratification Requirements and Governance

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

Independence

In making its recommendation to ratify the appointment of BDO USA, LLP as the Company's Independent Registered Public Accounting Firm for the fiscal year ending June 30, 2018, the Audit Committee has considered whether the provision of non-audit services by BDO USA, LLP is compatible with maintaining the independence of BDO USA, LLP. Although BDO USA, LLP is engaged to provide tax preparation work, the Audit Committee believes the non-audit services provided do not hinder their independence to Astrotech.

Annual Meeting Representation

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

Audit Committee Pre-Approval Policy

The Audit Committee is responsible for appointing, setting compensation for, and overseeing the work of BDO USA, LLP, the Company's Independent Registered Public Accounting Firm. The Audit Committee's policy requires the pre-approval of all audit and permissible non-audit services to be provided by independent auditors in order to assure that the provision of such services does not impair the auditor's 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 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 auditors. 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.

Audit Fees

Audit fees consist of fees billed for professional services rendered for the audit of the Company's consolidated financial statements, for the review of the interim condensed consolidated financial statements included in quarterly reports, services that are normally provided by BDO USA, LLP in connection with statutory and regulatory filings or engagements and attest services, except those not required by statute or regulation. The aggregate fees billed for the fiscal year 2017 for professional services rendered by BDO USA, LLP was $176,512. The aggregate fees billed for

the fiscal year 2016 for professional services rendered by BDO USA, LLP was $165,802.

Audit-Related Fees

There were no audit-related fees billed by or to be billed by BDO USA, LLP for the fiscal years ended June 30, 2017 and 2016.

Tax Fees

Tax fees consist of tax compliance and preparation and other tax services. Tax compliance and preparation consist of fees billed for professional services related to federal and state tax compliance and assistance with tax return preparation. This fee includes services charged related to our R&D tax credits. The aggregate fees billed for the fiscal year 2017 for professional services rendered by BDO USA, LLP was $40,178. The aggregate fees billed for the fiscal year 2016 for professional services rendered by BDO USA, LLP was $66,001.

All Other Fees

The Company paid no other fees to BDO USA, LLP during the fiscal years 2017 and 2016.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF BDO USA, LLP AS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM OF THE COMPANY FOR THE FISCAL YEAR ENDING JUNE 30, 2018.

PROPOSAL 4 – APPROVAL OF AMENDMENT TO ASTROTECH CORPORATION
2011 STOCK INCENTIVE PLAN TO INCREASE THE AUTHORIZED SHARES

Description of the Proposed Amendment

The Board of Directors, the Compensation Committee, and Astrotech's 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. In 2011, the Board of Directors adopted and shareholders approved the 2011 Stock Incentive Plan. On October 12, 2017, the Board of Directors approved an amendment to the 2011 Stock Incentive Plan to increase the aggregate number of shares of our common stock available under the 2011 Stock Incentive Plan by an additional 225,000 shares of Common Stock. This will increase the number of shares of the Company's Common Stock that may be delivered pursuant to awards granted under the 2011 Stock Incentive Plan from 750,000 to 975,000 shares. If approved by the Company's shareholders, the amendment will be effective on December 7, 2017, the date of the annual meeting.

Description of the 2011 Stock Incentive Plan

The principal features of the 2011 Stock Incentive Plan as of the date of this Proxy Statement are summarized below. This summary does not contain all the information that may be important to you. A copy of the proposed amendment to increase the number of shares is included as Appendix E to this Proxy Statement and a copy of the complete text of the 2011 Stock Incentive Plan as in effective prior to the amendment is included as Appendix F to this Proxy Statement. The following description is qualified in its entirety by reference to the text of the 2011 Stock Incentive Plan, as amended, as it is proposed to be further amended. You are urged to read the 2011 Stock Incentive Plan in its entirety.

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

Eligibility. Any employee or consultant of the Company (or its subsidiary) or a director of the Company who, in the opinion of the Compensation Committee, is in a position to contribute to the growth, development or financial success of the Company, is eligible to participate in the 2011 Stock Incentive Plan. In any calendar year, no covered employee described in Section 162(m) of the Internal Revenue Code may be granted (in the case of stock options and stock appreciation rights), or have vest (in the case of restricted stock or other stock-based awards), awards relating to more than 160,000 shares of Common Stock, and the maximum aggregate cash payout with respect to incentive awards paid in cash to such covered employees may not exceed $5,000,000. As of the date of this proxy, no allocations of future awards have been made or considered by the Compensation Committee.

Shares Subject to the 2011 Stock Incentive Plan. The maximum number of shares of the Company's common stock, that may be delivered pursuant to awards granted under the 2011 Stock Incentive Plan as proposed to be amended is 975,000 shares of common stock. Any shares subject to an award under the 2011 Stock Incentive Plan that are forfeited or terminated, expire unexercised, lapse or are otherwise cancelled in a manner such that the shares of common stock covered by such award are not issued may again be used for awards under the 2011 Stock Incentive Plan. A maximum of 375,000 shares of common stock may be issued upon exercise of incentive stock options. The maximum number of shares deliverable pursuant to awards granted under the 2011 Stock Incentive Plan is subject to adjustment by the Compensation Committee in the event of certain dilutive changes in the number of outstanding shares. Under the 2011 Stock Incentive Plan, the Company may issue authorized but unissued shares, treasury shares, or shares purchased by the Company on the open market or otherwise.