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

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended June 30, 2011

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 001-34426

Astrotech Corporation
(Exact name of registrant as specified in its charter)

Washington	**91-1273737**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

401 Congress Ave. Suite 1650
Austin, Texas 78701
(Address of principal executive offices) (Zip code)

(512) 485-9530
(Registrant's telephone number, including area code)

Securities Registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock (no par value)	NASDAQ Capital Market

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☐ NO ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES ☐ NO ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on it corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☐ NO ☒

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

The aggregate market value of the registrants voting and non-voting common equity held by non-affiliates of the registrant, based upon the closing price of such stock on the NASDAQ Capital Market on such date of $1.13 was approximately $20,259,580 as of December 31, 2010.

As of September 9, 2011, 19,374,895 shares of the registrant's Common Stock, no par value, were outstanding, including 1,171,946 shares of restricted stock with voting rights.

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FORWARD-LOOKING STATEMENTS

This Form 10-K contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact are “forward-looking statements” for purposes of federal and state securities laws. Forward-looking statements may include the words “may,” “will,” “plans,” “believes,” “estimates,” “expects,” “intends” and other similar expressions. Such statements are subject to risks and uncertainties that could cause our actual results to differ materially from those projected in the statements. Such risks and uncertainties include, but are not limited to:

- The effect of economic conditions in the United States or other space faring nations that could impact our ability to access space and support or gain customers;
- Our ability to raise sufficient capital to meet our long and short-term liquidity requirements;
- Our ability to successfully pursue our business plan and execute our strategy;
- Whether we will fully realize the economic benefits under our NASA and other customer contracts;
- Technological difficulties and potential legal claims arising from any technological difficulties;
- Product demand and market acceptance risks, including our ability to develop and sell products and services to be used by governmental or commercial customers;
- Uncertainty in government funding and support for key space programs;
- The impact of competition on our ability to win new contracts;
- Uncertainty in securing reliable and consistent access to space, including the International Space Station;
- Delays in the timing of performance of our contracts;
- Our ability to meet technological development milestones and overcome development challenges; and
- Risks described in the “Risk Factors” section of this Form 10-K.

Although we believe that the assumptions underlying our forward-looking statements are reasonable, any of the assumptions could be inaccurate, therefore we cannot assure you that the forward-looking statements included in this Form 10-K will prove to be accurate. In light of the significant uncertainties inherent in our forward-looking statements, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives and plans will be achieved. Some of these and other risks and uncertainties that could cause actual results to differ materially from such forward-looking statements are more fully described in Item 1A “Risk Factors” of this Form 10-K and elsewhere in this Form 10-K, or in the documents incorporated by reference herein. Except as may be required by applicable law, we undertake no obligation to publicly update or advise of any change in any forward-looking statement, whether as a result of new information, future events or otherwise. In making these statements, we disclaim any obligation to address or update each factor in future filings with the Securities and Exchange Commission (“SEC”) or communications regarding our business or results, and we do not undertake to address how any of these factors may have caused changes to discussions or information contained in previous filings or communications. In addition, any of the matters discussed above may have affected our past results and may affect future results, so that our actual results may differ materially from those expressed in this Form 10-K and in prior or subsequent communications.

PART I

Item 1. Business.

Our Company

Astrotech Corporation (Nasdaq: ASTC) ("Astrotech," "the Company," "we," "us" or "our"), a Washington corporation, is a commercial aerospace company that provides spacecraft payload processing and related services, designs and manufactures space hardware, and commercializes space technologies for use on Earth. The Company serves the U.S. Government and commercial spacecraft customers with our pre-launch services from our Astrotech Space Operations ("ASO") business unit and incubates space technology businesses through its Spacetech business unit, now focusing on two companies: 1st Detect Corporation ("1st Detect"), which is developing a Miniature Chemical Detector first developed for the International Space Station; and Astrogenetix, Inc. ("Astrogenetix"), which is utilizing the unique microgravity environment of space as a research platform for drug discovery and development.

Astrotech was formed in 1984 to leverage the environment of space for commercial purposes. For the last 27 years, the Company has remained a crucial player in space commerce activities. We have supported the launch of 23 shuttle missions and more than 290 spacecraft, built space hardware and processing facilities, designed and manufactured ground support equipment, and prepared and processed scientific research for microgravity.

We offer products and services in the following areas:

- Facilities and ancillary support services necessary for the preparation of satellites and payloads for launch.
- Design and fabrication of equipment and hardware for space launch activities.
- Propellant services support for spacecraft.
- Commercialization of space-based technologies into real-world applications.

The Company has experience supporting both manned and unmanned missions to space with product and service support including space hardware design and manufacturing, research and logistics expertise, engineering and support services, and payload processing and integration. Through new Spacetech business initiatives such as 1st Detect and Astrogenetix, Astrotech is paving the way in the commercialization of space by translating space-based technology into terrestrial applications.

Our Business Units

Astrotech Space Operations

ASO is the leading commercial supplier of satellite launch processing services in the United States. ASO provides processing support for government and commercial customers for their complex communication, earth observation and deep space satellites. ASO's spacecraft processing capabilities are among the elite in the industry, with ideally located facilities that can support the largest five-meter class satellites, encompassing the majority of U.S. based satellite preparation services. ASO has provided launch processing support for government and commercial customers for more than a quarter century, successfully processing more than 290 spacecraft without negatively impacting a customer launch schedule.

ASO accounted for 98% of our consolidated revenues for the year ended June 30, 2011 (See Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations). Revenue for our ASO business unit is primarily generated from various fixed-priced contracts with launch service providers in both the commercial and governmental markets. The services and facilities we provide to our customers support the final assembly, checkout, and countdown functions associated with preparing a spacecraft for launch. Other factors that have impacted, and are expected to continue to impact earnings and cash flows for this business include:

- Our ability to control our capital expenditures, which are primarily limited to modifications to accommodate payload processing for new launch vehicles, upgrading communications infrastructure and other building improvements.
- The continuing limited availability of competing facilities at the major domestic launch sites that can offer comparable services, leading to an increase in use of our services.
- Our ability to complete customer specified facility modifications within budgeted costs and time commitments.
- Our ability to control and reduce costs in order to maximize profitability of our fixed-priced contracts.

Spacetech

Our Spacetech business unit is an incubator intended to develop space-industry technologies into commercial applications to be sold to consumers and industry. Spacetech is currently working on two business initiatives: 1st Detect Corporation and Astrogenetix, Inc. 1st Detect's business began under a Space Act Agreement with the National Aeronautics and Space Administration ("NASA") for a chemical detection unit to be used on the International Space Station. 1st Detect engineers have developed a Miniature Chemical Detector, based on ion trap mass spectrometry, that we believe fills a niche by being highly accurate, lightweight, battery-powered, durable and inexpensive. Astrogenetix is a biotechnology company created to use the unique environment of space to discover and develop novel vaccine and novel therapeutic products. A natural extension of the many years of experience preparing, launching, and operating scientific payloads in space, Astrogenetix is in the process of developing products from microgravity discoveries.

Business Strategy

Astrotech Space Operations

As a leading commercial provider of payload processing services, ASO strives to provide our customers with the most advanced facilities and customer support that are unparalleled in the industry. With that mission in mind, ASO is continuously working to secure additional government and commercial customers that require our unique capabilities. Additionally, ASO works to further grow the business with our service offering designing, building, and operating spacecraft processing equipment and facilities.

Spacetech

1st Detect is developing what we expect will be a revolutionary chemical detector based on ion trap mass spectrometry, which allows for the device's portability, versatility, sensitivity, durability and high speed at a low cost. Potential markets that 1st Detect may serve include Security and Defense, Industrial, Medical and Healthcare, Critical Infrastructure, and First Responders.

Over the last three years, Astrogenetix has pursued an aggressive space access strategy to take advantage of the Space Shuttle program prior to its retirement. This strategy gave Astrogenetix unprecedented access to research in microgravity, as the company flew twelve experiments in this three year period. Astrogenetix dedicated its limited resources on pursuing this strategy of maximizing flight opportunities. Astrogenetix is currently focused on developing a Salmonella vaccine as part of the ongoing commercialization strategy. Concurrently, Astrogenetix is working on the continued development of a vaccine target for Methicilin-resistant Staphylococcus Aureus ("MRSA") based on discoveries made in microgravity.

Products and Services

Astrotech Space Operations

From our state of the art facilities in Titusville, Florida and Vandenberg Air Force Base ("VAFB") in California, ASO has provided support for pre-launch ground based operations for nearly 30 years for both commercial and government satellites, and we are the leader in this sector. Our service offering includes advance planning; use of our unique facilities; and spacecraft checkout, encapsulation, fueling, and transport. Additionally, ASO has extensive experience in designing, building, and operating spacecraft processing equipment and facilities. ASO also provides propellant services including designing, building and testing propellant service equipment for servicing spacecraft.

Spacetech

1st Detect's Miniature Chemical Detector is a universal chemical analyzer that provides rapid analysis time and is capable of detecting residues and vapors from a wide range of chemicals including explosives, chemical warfare agents, toxic chemicals, and volatile organic compounds. 1st Detect's proprietary technology, leveraging advances in low power electronics and miniaturization technologies developed for the space program, allows for the device's portability, versatility, sensitivity, durability and efficiency at a low cost. In the fourth quarter of fiscal year 2011, the United States Patent and Trademark Office issued a key patent to 1st Detect for its unique method to drive a mass spectrometer ion trap used for chemical detection and identification.

Astrogenetix has used the unique environment of microgravity to discover a potential vaccine candidate for Salmonella, which validates the use of microgravity in identifying commercially viable biomarkers. Astrogenetix believes this provides significant advantages over traditional earthbound vaccine discovery processes, thus reducing the development time and cost significantly for researchers. Follow on work with MRSA has resulted in the identification of a potential vaccine target for that microbe as well. In addition to Astrogenetix's proprietary research, the company has the capabilities to provide external researchers with the knowledge and access needed for microgravity research.

Customers, Sales and Marketing

Astrotech Space Operations

ASO services a variety of domestic and international government and commercial customers sending satellites and spacecraft to low-earth-orbit, geosynchronous orbit, or on planetary missions. ASO has long-term contracts in place with NASA, other U.S. Governmental agencies, and United Launch Alliance. ASO continues to look for opportunities to support spacecraft processing for government and commercial customers. During fiscal year 2011, ASO accounted for 98% of our consolidated revenues.

Spacetech

The broadband nature of the 1st Detect technology, as well as the high performance provided by the ion trap architecture, opens up 1st Detect to a variety of applications. Potential markets that 1st Detect may serve include Security and Defense, Industrial, Medical and Healthcare, Critical Infrastructure, and First Responders. Astrogenetix is currently focused on starting the FDA process with the Salmonella vaccine candidate and is continuing drug development work for MRSA.

Competition

Astrotech Space Operations

The majority of the Company's revenue is derived from ASO, which processes satellites for U.S. launch locations. The only significant competition to ASO's facilities is from commercial competitor Spaceport Systems International ("SSI") and certain U.S. Government facilities. However, we believe that the majority of domestic satellites, including many government satellites, are processed at ASO due to the state-of-the-art, professionally operated, full-service environment.

Commercial

SSI operates and manages a commercial spaceport at VAFB and is a provider of payload processing and launch services for both commercial and government users. The SSI facility throughput capability is significantly less than that of ASO in VAFB and it is heavily influenced by government customers. The ASO VAFB contract award for the five-meter high bay construction significantly improves ASO's competitive advantage at VAFB. SSI does not provide payload processing services in support of the Cape Canaveral Air Force Station ("CCAFS") / Kennedy Space Center ("KSC") launch site, and therefore, does not compete with ASO in Florida.

Governmental

NASA and the United States Air Force own and operate payload processing facilities at both the CCAFS/KSC and VAFB launch sites. These facilities, however, are used to process select government spacecraft only. They are not used to process commercial spacecraft. Therefore, ASO's competition from the U.S. Government is limited in scope.

Spacetech

There are many incumbent vendors that will compete with 1st Detect's Miniature Chemical Detector. However, we believe the 1st Detect product offers a combination of attributes that are currently unavailable in the marketplace in a single product.

Regarding Astrogenetix, there are many earthbound developers of vaccines, including most large pharmaceutical companies and many smaller biotechnology firms. However, there are no known competitors to Astrogenetix developing vaccines in microgravity. With the completion of the construction of the ISS and the focus of the ISS now on operations through year 2020, competition from foreign governments, academia and commercial companies is anticipated.

Research and Development

We incurred $3.8 million and $2.8 million in research and development expense during fiscal years 2011 and 2010, respectively. Research and development in fiscal year 2011 has been primarily directed towards development of 1st Detect's Miniature Chemical Detector and Astrogenetix's Microgravity Processing Platform. Astrogenetix continues to work on its investigational new drug application for its Salmonella vaccine candidate while also furthering its research on MRSA which has led to a potential vaccine target for the deadly microbe, but the primary focus of 2011 and 2010 was to utilize the last remaining Space Shuttle flights before the program retirement.

Backlog

The Company's 18-month rolling backlog at June 30, 2011, which includes contractual backlog, scheduled but uncommitted missions and grants is $35.2 million.

(In thousands) **Contract Backlog**	**18-Month Rolling**
ASO Missions	$18,452
ASO Facility Programs	16,326
Spacetech Grants	448
Total Backlog	**$35,226**

The 18-month rolling backlog for ASO consists of pre-launch satellite processing services, which include hardware launch preparation, advance planning, use of unique satellite preparation facilities and spacecraft checkout, encapsulation, fueling, and transport and design and fabrication of equipment and hardware for space launch activities at our Titusville, Florida and VAFB locations. The 18-month rolling backlog for Spacetech consists of grant revenue from the SBIR program.

Certain Regulatory Matters

We are subject to federal, state, and local laws and regulations designed to protect the environment and to regulate the discharge of materials into the environment in order to protect our domestic technology from unintended foreign exploitation and to regulate certain business practices. We believe that our policies, practices and procedures are properly designed to prevent unreasonable risk of environmental damage and consequential financial liability to us. Compliance with environmental laws and regulations and technology export requirements has not had in the past, and, we believe, will not have in the future, material effects on our capital expenditures, earnings, or competitive position. Our operations are also subject to various regulations under federal laws relative to the international transfer of technology, as well as to various federal and state laws relative to business operations. In addition, we are subject to federal contracting procedures, audit, and oversight.

Significant federal regulations impacting our operations include the following:

Federal Regulation of International Business. We are subject to various federal regulations as it relates to the export of certain goods, services, and technology. These regulations, which include the Export Administration Act of 1979 administered by the Commerce Department and the Arms Export Control Act administered by the State Department, impose substantial restrictions on the sharing or transfer of technology to foreign entities. Our activities in the development of space technology and in the processing of commercial satellites deal with the type of technology subject to these regulations. Our operations are conducted pursuant to a comprehensive export compliance policy that provides close review and documentation of activities subject to these laws and regulations.

Foreign Corrupt Practices Act. The Foreign Corrupt Practices Act establishes rules for U.S. companies doing business internationally. Compliance with these rules is achieved through established and enforced corporate policies, documented internal procedures, and financial controls.

Iran Nonproliferation Act of 2000. This act includes specific prohibitions on commercial activities with certain specified Russian entities engaged in providing goods or services to the International Space Station. Our activities with RSC Energia of Russia are not subject to this act.

Federal Acquisition Regulations. Goods and services provided by us to NASA and other U.S. Government agencies are subject to Federal Acquisition Regulations. These regulations provide rules and procedures for invoicing, documenting, and conducting business under contract with such entities. The Federal Acquisition Regulations also subject us to audit by federal auditors to confirm such compliance.

Truth in Negotiations Act. The Truth in Negotiations Act was enacted for the purpose of providing full and fair disclosure by contractors in the conduct of negotiations with the U.S. Government. The most significant provision included in the Truth in Negotiations Act is the requirement that contractors submit certified cost and pricing data for negotiated procurements above a defined threshold.

Defense Security Service. Occasionally, we are requested to process government spacecraft payloads that must be handled under federal security clearances. To accommodate these requirements, we maintain facility security clearances within certain subsidiaries of the Company and have persons engaged by the Company with necessary active security clearances to support these requirements. Maintenance of an active facility clearance requires dedicated trained personnel, specified facility standards and recordkeeping.

Regulatory Compliance and Risk Management

We maintain compliance with regulatory requirements and manage our risks through a program of compliance, awareness, and insurance, which includes the following:

Safety. We place a continual emphasis on safety throughout our organization. At the corporate level, safety programs and training are monitored by a corporate safety manager.

Export Control Compliance. We have a designated senior officer responsible for export control issues and the procedures detailed in our export control policy. This officer and the designated export compliance administrator monitor training and compliance with regulations relative to foreign business activities. Employees are provided comprehensive training in compliance with regulations relative to export and foreign activities through our interactive training program and are certified as proficient in such regulations as are relative to their job responsibilities.

Insurance. Our ASO operations, which are centered around specialized and unique processing facilities in Titusville, Florida and VAFB, are subject to risk and potential loss due to a number of factors, but most notably, the transportation of heavy equipment and the consistent use by customers and employees. To mitigate this risk we strive to maintain our facilities in optimal condition and we hold property and casualty lines of insurance on each of our facilities and a general liability policy for Astrotech.

Employees Update

As of June 30, 2011, we employed 66 regular full-time employees, none of which were covered by any collective bargaining agreements.

In June 2010, General (Ret.) Lance W. Lord resigned from the Board of Directors of Astrotech and as the Chief Executive Officer of Astrotech Space Operations. The vacancy on the Board of Directors created by General Lord's resignation was fulfilled pursuant to the election of Daniel T. Russler, Jr. at our annual meeting of shareholders on April 20, 2011. The company does not currently have any plans to fill the role of Chief Executive Officer, Astrotech Space Operations.

In July 2010, the Company simultaneously announced the termination of James Royston, President of Astrotech Corporation, and a realignment of its corporate structure in order to optimize operational efficiencies. The Company's action follows an evaluation of each business and a review of strategic alternatives. The corporate realignment will allow Astrotech to put a greater focus on the pre-launch satellite service offering of its ASO business unit.

Item 1A. Risk Factors.

Given the inherent uncertainty and complexity of the businesses that we engage in, our results from operations and financial condition could be materially adversely impacted as set forth below.

Our success depends significantly on the establishment and maintenance of successful relationships with our customers.

We have relied on governmental customers for a substantial portion of our revenue. Approximately 73% of our revenue in fiscal year 2011 was generated by various NASA and U.S. Government contracts or subcontracts. The loss of these customers could have a material adverse effect on our business, financial condition and results of operations. We cannot make any assurances that any customer will require our services in the future. Therefore, we continue to work on diversifying our customer base to include other government agencies and commercial industries, while going to great lengths to satisfy the needs of our current customer base.

Termination of our future orders could negatively impact our revenues.

The Company's rolling backlog at June 30, 2011, which includes contractual backlog and scheduled but uncommitted missions, is $35.2 million. The majority is for ASO pre-launch satellite processing services, which include hardware launch preparation; advance planning; use of unique satellite preparation facilities; and spacecraft checkout, encapsulation, fueling and transport. Since our backlog is not yet earned and can be terminated by our customers, we cannot assure that our backlog will ultimately result in revenues.

A branch of the U.S. Government or a commercial competitor could construct spacecraft ground processing facilities, which could significantly reduce the number of missions using Astrotech facilities.

Astrotech provides services for domestic launch sites. In the event that the U.S. Government constructs spacecraft ground processing facilities for the launch sites currently serviced by Astrotech, there could be a reduced need for the use of Astrotech facilities. This would result in direct competition for our existing customers in connection with servicing domestic launch sites, which could significantly reduce our revenues. There can be no assurance that we will be able to compete successfully against any new competitor in this area or that these competitive pressures we may face will not result in reduced revenues and market share.

Compliance with environmental and other government regulations could be costly and could negatively affect our financial condition.

Our business, particularly our ASO business unit, is subject to numerous laws and regulations governing the operation and maintenance of our facilities and the release or discharge of hazardous or toxic substances, including spacecraft fuels and oxidizers, into the environment. Under these laws and regulations, we could be liable for personal injury and cleaning costs and other environmental and property damages, as well as administrative, civil, and criminal penalties. In the event of a violation of these laws, or a release of hazardous substances at or from our facilities, our business, financial condition, and results of operations could be materially adversely affected.

As a U.S. Government contractor, we are subject to a number of rules and regulations, the violation of which could result in us being barred from future U.S. Government contracts.

We must comply with, and are affected by, laws and regulations relating to the award, administration, and performance of U.S. Government contracts. These laws and regulations, among other things:

- Require certification and disclosure of all cost or pricing data in connection with certain contract negotiations.
- Impose acquisition regulations that define allowable and unallowable costs and otherwise govern our right to reimbursement under certain cost-based U.S. Government contracts.
- Restrict the use and dissemination of information classified for national security purposes and the exportation of certain products and technical data.

A violation of specific laws and regulations could result in the imposition of fines and penalties, the termination of our contracts, or disbarment from bidding on U.S. Government contracts. Additionally, U.S. Government contracts generally contain provisions that allow the U.S. Government to unilaterally suspend us from receiving new contracts pending resolution of alleged violations of certain federal laws or regulations, reduce the value of existing contracts, issue modifications to a contract, and control and potentially prohibit the export of our services and associated materials. Prohibition against bidding on future U.S. Government contracts would have a material adverse effect on our financial condition and results of operations.

Our failure to comply with U.S. export control laws and regulations could adversely affect our business.

We are obligated by law and under contract to comply, and to ensure that our subcontractors comply, with all U.S. export control laws and regulations, including the International Traffic in Arms Regulations and the Export Administration Regulations. We are responsible for obtaining all necessary licenses or other approvals, if required, for exports of hardware, technical data, and software, or for the provision of technical assistance. We are also required to obtain export licenses, if required, before utilizing foreign persons in the performance of our contracts if the foreign person will have access to export-controlled technical data or software. The violation of any of the applicable export control laws and regulations, whether by us or any of our subcontractors, could subject us to administrative, civil, and criminal penalties.

Our business could be adversely affected by a negative audit by the U.S. Government.

U.S. Government agencies routinely audit and investigate government contractors. These agencies review a contractor's performance under its contracts, cost structure, and compliance with applicable laws, regulations, and standards. The U.S. Government may also review the adequacy of, and a contractor's compliance with, its internal control systems and policies, including the contractor's purchasing, property, estimating, compensation, and management information systems. Any costs found to be improperly allocated to a specific contract will not be reimbursed, while such costs already reimbursed must be refunded. If an audit uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines, and suspension or prohibition from doing business with the U.S. Government. In addition, we could suffer serious reputational harm that may affect our non-governmental business if allegations of impropriety were made against us.

Our Spacetech business unit is in an early development stage. It has earned limited revenues and it is uncertain whether it will earn any revenues in the future or whether it will ultimately be profitable.

Our Spacetech business unit is in an early development stage with limited commercial sales and a limited operating history. Its future operations are subject to all of the risks inherent in the establishment of a new business enterprise including, but not limited to, risks related to capital requirements, failure to establish business relationships and competitive disadvantages as against larger and more established companies. The Spacetech business unit will require substantial amounts of funding to develop, test, and commercialize its products. If such funding comes in the form of equity financing, such equity financing may involve substantial dilution to existing shareholders. Even with funding, our product development program may not lead to commercial products, either because our product candidates fail to be effective or are not attractive to the market or because we lack the necessary financial or other resources or relationships to pursue our programs through commercialization.

The Spacetech business unit can be expected to experience significant operating losses until it can generate sufficient revenues to cover its operating costs. The Spacetech business unit currently has no commercial products and there can be no assurance that the business will be able to develop, manufacture or market any products in the future, that future revenues will be significant, that any sales will be profitable or that the business will have sufficient funds available to complete its marketing and development programs or to market any products which it may develop.

Any products and technologies developed and manufactured by our Spacetech business unit may require regulatory approval prior to being made, marketed, sold, and used. There can be no assurance that regulatory approval of any products will be obtained.

The commercial success of the Spacetech business unit is expected to depend, in part, on obtaining patent and other intellectual property protection for the technologies contained in any products it develops. In addition, the Spacetech business unit may need to license intellectual property to commercialize future products or avoid infringement of the intellectual property rights of others. There can be no assurance that licenses will be available on acceptable terms and conditions, if at all. The Spacetech business unit may suffer if any licenses terminate, if the licensors fail to abide by the terms of the license or fail to prevent infringement by third parties, if the licensed patents or other rights are found to be invalid, or if the Spacetech business unit is unable to enter into necessary licenses on acceptable terms. If the Spacetech business unit, or any third party, from whom it licenses intellectual property, fails to obtain adequate patent or other intellectual property protection for intellectual property covering its products, or if any protection is reduced or eliminated, others could use the intellectual property covering the products, resulting in harm to the competitive business position of the Spacetech business unit. In addition, patent and other intellectual property protection may not provide the Spacetech business unit with a competitive advantage against competitors that devise ways of making competitive products without infringing any patents that the Spacetech business unit owns or has rights to. Such competition could adversely affect the prices for any products or the market share of the Spacetech business unit and could have a material adverse effect upon its results of operations and financial condition.

Our facilities located in Florida and California are susceptible to damage caused by hurricanes, earthquakes, or other natural disasters.

Our ASO spacecraft processing facilities on the east coast of Florida are susceptible to damage caused by hurricanes or other natural disasters. In addition, our satellite processing facilities at VAFB are subject to damage caused by earthquakes. Although we insure our properties and maintain business interruption insurance, there can be no guarantee that the coverage would be sufficient or a claim will be fulfilled. A natural disaster could result in a temporary or permanent closure of our business operations, thus impacting our future financial performance.

Due to our dependence on the timing of spacecraft launches, our results may fluctuate significantly from quarter to quarter.

The use of our ASO spacecraft processing facilities is highly dependent upon the number of satellite launches planned and executed each year. Additionally, factors beyond our direct control, such as a delay or accident at a launch vehicle support facility, could cause a material change in our financial results. As a result, significant fluctuations should be expected from quarter to quarter in our operating results.

The loss of key management and other employees could have a material adverse effect on our business.

We are dependent on the personal efforts and abilities of our senior management, and our success will also depend on our ability to attract and retain additional qualified employees. Failure to attract personnel sufficiently qualified to execute our strategy, or to retain existing key personnel, could have a material adverse effect on our business.

If we are unable to anticipate technological advances and customer requirements in the commercial and governmental markets, our business and financial condition may be adversely affected.

Our business strategy outlines the use of decades of experience to expand the services and products we offer to both government agencies and commercial industries. We believe that our growth and future financial performance depend upon our ability to anticipate technological advances and customer requirements. There can be no assurance that we will be able to achieve the necessary technological advances for us to remain competitive. In fiscal year 2011, we continued new business initiatives for advancing commerce in space. These new business initiatives will require substantial investments of capital and technical expertise. Our failure to anticipate or respond adequately to changes in technological and market requirements, or delays in additional product development or introduction, could have a material adverse effect on our business and financial performance. Additionally, the cost of capital to fund these businesses will likely require dilution of shareholders.

Our inability to generate sufficient cash flow to pay off or refinance our indebtedness with near-term maturities could have a material adverse effect on our financial condition.

We cannot assure that our business will generate cash flows from operations or that future borrowings will be available to us in an amount sufficient to pay our maturing indebtedness as it comes due. As a result, we may need to refinance all or a portion of the debt or we may need to secure new financing before maturity. We cannot be sure that we will be able to obtain financing on reasonable terms or at all, particularly given the general economic situation and lending environment we currently face.

Our earnings and margins may vary due to the nature of our fixed-priced contracts.

Our business mix includes cost-reimbursable and fixed-price contracts. Cost-reimbursable contracts generally have lower profit margins than fixed-price contracts. Our ASO business unit contracts are mainly fixed-price contracts. If we are unable to control costs we incur in performing under the contract, our financial condition and operating results could be materially adversely affected. Additionally, the costs incurred to operate our core ASO business are near-term fixed. As a result, if we are not able to schedule payload processing in order to optimize our facilities, our financial results could be adversely affected.

We plan to develop new products and services. No assurances can be given that we will be able to successfully develop these products and services.

Our business strategy outlines the use of the decades of experience we have accumulated to expand the services and products we offer to both U.S. Government and commercial industries. These services and products generally involve the commercial exploitation of space, and involve new and untested technologies and business models. These technologies and business models may not be successful, which could result in the loss of any investment we make in developing them.

Our financial results could be adversely affected if the estimates that we use in accounting for contracts are incorrect and need to be changed.

Contract accounting requires judgment relative to assessing risks, estimating contract revenues and costs, and making assumptions for scheduling and technical issues. We rely on the application of consistent business processes in order to minimize material error and maximize reporting transparency. The estimation of total revenues and cost at completion for many of our contracts is complicated and subject to many unknown variables.

If our performance under a cost reimbursable contract results in an award fee that is lower than we have estimated, we would be required to refund previously billed fee amounts and would have to adjust our revenue recognition accordingly. If our performance was determined to be significantly deficient, we may be required to reimburse our customers for the entire amount of previously billed awards. Changes in underlying assumptions, circumstances, or estimates may adversely affect future period financial performance.

Our spacecraft payload processing facilities are specifically designed to process satellites and other payloads and we would lose a substantial portion of their value if we no longer provide these services.

Our ASO spacecraft processing facilities were built specifically to process satellites and space related payloads. If we were required to terminate the processing businesses, the value of these facilities could be impaired and, as a result, our financial condition and results of operations would likely be negatively impacted.

Our inability to maintain required government security clearances and the impact of foreign ownership or control could result in a loss of potential future spacecraft ground processing and other opportunities.

In order to be a service and product provider for spacecraft ground processing and other related activities, we are required to maintain certain government security clearances and we must comply with laws that limit foreign ownership and control. We may be subject to regulatory action and other sanctions if we fail to comply with applicable laws and regulations relating to required security clearances and foreign ownership and control. This could harm our reputation, our prospects for future work, and our operating results.

We incur substantial upfront, non-reimbursable costs in preparing proposals to bid on contracts that we may not be awarded.

Preparing a proposal to bid on a contract is generally a three to six month process. This process is labor-intensive and results in the incurrence of substantial costs that are generally not retrievable. Additionally, although we may be awarded a contract, work performance does not commence for several months following completion of the bidding process. If funding problems by the party awarding the contract or other matters further delay our commencement of work, these delays may lower the value of the contract, or possibly render it unprofitable.

If our common stock ceases to be listed for trading on the NASDAQ Capital Market it may harm our stock price and make it more difficult to sell shares.

On August 30, 2011, we received a NASDAQ Staff Determination letter indicating that we failed to comply with NASDAQ Marketplace Rule 4310(c)(4), which requires that we maintain a $1.00 bid price, and our securities were, therefore, subject to delisting from The NASDAQ Capital Market. In order to regain compliance, the closing bid price of our common stock must be at least $1.00 per share for a minimum of ten consecutive business days. There can be no assurance that we will be able to regain compliance with this requirement. If our common stock ceases to be listed for trading on the NASDAQ Capital Market, the level of trading activity of our common stock may decline and it may harm our stock price, increase the volatility of our stock price and make it more difficult to sell your shares of our common stock.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

Astrotech relocated its corporate headquarters to Austin, Texas in June 2009. The leased office houses executive management, finance and accounting, and marketing and communications. We continue to maintain leased offices in Houston, Texas which are primarily focused on supporting the engineering efforts of Spacetech.

ASO's headquarters, and Florida operations team, are located in a nine-building complex located on a 62-acre space technology campus in Titusville, Florida. This campus encompasses 140,000 square feet of facility space supporting non-hazardous and hazardous flight hardware processing, payload storage, and customer offices.

In September 2009, we completed construction of a 23,000 square foot payload processing facility at VAFB in California which enhanced our capability to process five-meter class satellite payloads. Additionally, in December 2009, we completed construction of a 5,600 square foot office building used by customers for administrative and operational support of teams processing satellites in the new five-meter payload facility. ASO presently leases the 60-acre site located on VAFB in California, where we own four buildings totaling over 50,000 square feet of space. The present land lease expires in July 2013, with provisions to extend the lease at the request of the lessee and the concurrence of the lessor. Upon final expiration of the land lease, all improvements on the property revert, at the lessor's option, to the lessor at no cost.

We maintain a separate 58,000 square foot payload processing facility located in Cape Canaveral, Florida. We negotiated an agreement with the Canaveral Port Authority for the lease of the land for a forty-three year period, expiring 2040. Upon expiration of the land lease, all improvements on the property revert at no cost to the lessor. In May 2005, we sold the facility in Cape Canaveral, Florida for $4.8 million. We now lease back 100% of the facility through December 31, 2012, with an option for an additional year. We may elect to exercise a purchase option by delivering written notice to the Landlord at any time on or prior to December 31, 2013.

We believe that our current facilities and equipment are generally well maintained and in good condition, and are adequate for our present and foreseeable needs.

Item 3. Legal Proceedings.

The Company is not a party to any significant pending or threatened proceedings, which in management's opinion, would have a material adverse effect on our business, financial condition, or results of operation.

Item 4. Removed and Reserved.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our Common Stock is principally traded on the NASDAQ Global Market. The following table sets forth the quarterly high and low intra-day bid prices for the periods indicated:

Fiscal 2011	High	Low
First Quarter	$1.93	$1.15
Second Quarter	$1.78	$1.00
Third Quarter	$1.56	$1.05
Fourth Quarter	$1.23	$0.74

Fiscal 2010	High	Low
First Quarter	$3.84	$0.98
Second Quarter	$3.66	$1.36
Third Quarter	$4.06	$1.88
Fourth Quarter	$3.58	$1.24

We have never paid cash dividends. It is our present policy to retain earnings to finance the growth and development of our business; therefore, we do not anticipate paying cash dividends on our Common Stock in the foreseeable future.

We have 75,000,000 shares of Common Stock authorized for issuance. As of September 9, 2011, we had 19,374,895 shares of Common Stock outstanding, including 1,171,946 shares of restricted stock with voting rights, which were held by approximately 2,700 holders. The last reported sale price of our Common Stock as reported by the NASDAQ Global Market on September 9, 2011 was $0.74 per share.

Securities Available for Issuance

As of June 30, 2011, the following securities are available for issuance:

Astrotech Equity Available for Issuance	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
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by security holders	377,350	$1.28	2,241,425
Equity compensation plans not approved by security holders	—	—	—
Total	377,350	$1.28	2,241,425

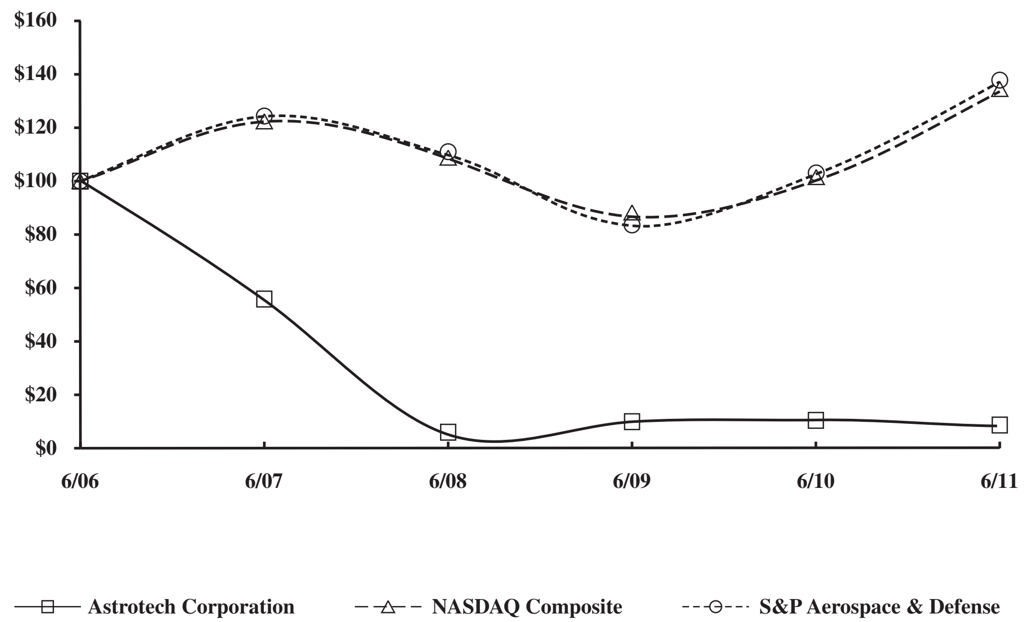
1st Detect Equity Available for Issuance	Number of securities to be issued upon exercise of outstanding options, warrants, and rights	Weighted average exercise price of outstanding options, warrants, and Rights	Number of securities remaining available for future issuance
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by security holders	2,500	$—	2,500
Equity compensation plans not approved by security holders	—	—	—
Total	2,500	$—	2,500

Stock Performance Graph

The following performance graph and table do not constitute soliciting material and the performance graph and table should not be deemed filed or incorporated by reference into any other previous or future filings by us under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that we specifically incorporate the performance graph and table by reference therein.

The performance graph and table below compare the five-year cumulative total return of our common stock with the comparable five-year cumulative total returns of the Standard & Poor's Aerospace & Defense Stock Index ("S&P Aerospace & Defense") and the NASDAQ Composite Stock Index ("NASDAQ Composite"). The figures assume an initial investment of $100 at the close of business on June 30, 2006 in Astrotech Corporation, S&P, and NASDAQ, and the reinvestment of all dividends.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among Astrotech Corporation, the NASDAQ Composite Index and the S&P Aerospace & Defense Index



	6/06	6/07	6/08	6/09	6/10	6/11
Astrotech Corporation	**100.00**	**55.08**	**4.84**	**9.75**	**10.51**	**8.74**
NASDAQ Composite	**100.00**	**122.33**	**108.31**	**86.75**	**100.42**	**132.75**
S&P Aerospace & Defense	**100.00**	**124.18**	**109.66**	**83.46**	**102.73**	**136.26**

Issuer Purchases of Equity Securities

In March 2003, our Board of Directors authorized us to repurchase up to $1.0 million of our outstanding stock at market prices. Additionally, in September 2008, the Board of Directors authorized the repurchase of the Company's outstanding Common Stock or Senior Convertible Notes payable, up to a cumulative amount of $6.0 million. During the year ended June 30, 2009, we repurchased 300,000 shares at a cost of $0.1 million. To date, a total of 311,660 shares at a cost of $0.2 million have been repurchased by the Company. We did not repurchase any shares during the year ended June 30, 2011.

Item 6. Selected Financial Data.

The following table sets forth our selected consolidated financial data as of and for the years ended June 30, 2007, 2008, 2009, 2010, and 2011. Such data has been derived from our consolidated financial statements audited by PMB Helin Donovan, LLP for the fiscal years ended June 30, 2007, 2008, 2009 and 2010 and by Ernst & Young LLP for the fiscal year ended June 30, 2011. The data set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Risk Factors" and our Consolidated Financial Statements and Notes included in this annual report.

	Years Ended June 30,				
	2011	**2010**	**2009**	**2008**	**2007**
	(In thousands, except per share data)				
Operating Results:					
Revenue	$20,149	$27,979	$31,985	$ 25,544	$ 52,762
Costs of revenue	13,668	12,858	15,723	19,540	51,029
Gross profit	**6,481**	**15,121**	**16,262**	**6,004**	**1,733**
Selling, general and administrative expenses	8,402	12,170	9,760	9,361	13,762
Research and development expenses	3,834	2,798	2,330	1,375	801
Income (loss) from operations	**(5,755)**	**153**	**4,172**	**(4,732)**	**(12,830)**
Gain on bond exchange	—	—	665	—	—
Debt conversion expense	—	—	—	(30,194)	—
Interest and other expense, net	(279)	(459)	(622)	(427)	(3,531)
Income tax benefit (expense)	53	(22)	510	(675)	69
Net income (loss)	**(5,981)**	**(328)**	**4,725**	**(36,028)**	**(16,292)**
Less: net loss attributable to noncontrolling interest	(998)	(588)	—	—	—
Net income (loss) attributable to Astrotech Corporation	**(4,983)**	**260**	**4,725**	**(36,028)**	**(16,292)**
Net income (loss) per common share — basic	$ (0.28)	$ 0.02	$ 0.29	$ (4.26)	$ (12.61)
Shares used in computing net income (loss) per common share — basic	17,822	16,567	16,365	9,254	1,292
Net income (loss) per common share — diluted	$ (0.28)	$ 0.01	$ 0.28	$ (4.26)	$ (12.61)
Shares used in computing net income (loss) per common share — diluted	17,822	18,283	16,904	9,254	1,292
Balance Sheet Data (End of Period):					
Cash and Cash Equivalents	$14,994	$ 8,085	$ 4,730	$ 2,640	$ 9,724
Total assets	57,620	54,903	58,919	58,211	72,475
Current debt	348	8,467	267	267	—
Long-term debt, excluding current portion	6,422	—	8,435	10,387	52,944
Stockholders' equity	37,558	42,212	40,548	34,936	(13,131)
Working capital (deficit) surplus	$ 5,020	$ 2,623	$ 8,418	$ 522	$ (6,105)

	Years Ended June 30,				
	2011	2010	2009	2008	2007
	(In thousands, except per share data)				
Other Data:					
Net cash provided by operating activities	$ 9,234	$ 4,437	$ 4,972	$(8,598)	$ 6,028
Net cash used in investing activities	(776)	(1,829)	(1,427)	(158)	(1,077)
Net cash provided by (used in) financing activities	(1,549)	747	(1,455)	1,672	(1,544)

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion should be read in conjunction with, and is qualified in its entirety by reference to, our audited consolidated financial statements and notes included elsewhere in this report.

Overview

Astrotech was formed in 1984 to leverage the environment of space for commercial purposes. For the last 27 years, the Company has remained a crucial player in space commerce activities. We have supported the launch of 23 shuttle missions and more than 290 spacecraft, built space hardware and processing facilities, and prepared and processed scientific research for microgravity.

We offer products and services in the following areas:

- Facilities and support services necessary for the preparation of satellites and payloads for launch.
- Design and fabrication of equipment and hardware for space launch activities.
- Propellant services support for spacecraft.
- Commercialization of space-based technologies into real-world applications.

Our Business Units

Astrotech Space Operations

ASO provides support for its government and commercial customers to successfully process complex communication, earth observation and deep space satellites in preparation for their launch on a variety of launch vehicles. Processing activities include satellite ground transportation; pre-launch hardware integration and testing; satellite encapsulation, fueling, launch pad delivery; and communication linked launch control. Our ASO facilities can accommodate five meter class satellites encompassing the majority of U.S. based satellite preparation services. In addition to satellite processing, ASO services also include designing, building spacecraft processing equipment and facilities. Additionally, ASO provides propellant services including designing, building and testing propellant service equipment for servicing spacecraft. ASO accounted for 98% of our consolidated revenues for the year ended June 30, 2011. Revenue for our ASO business unit is generated primarily from various fixed-priced contracts with launch service providers in both the commercial and government markets. The services and facilities we provide to our customers support the final assembly, checkout, and countdown functions associated with preparing a spacecraft for launch. The revenue and cash flows generated from our ASO operations are related to the number of spacecraft launches, which reflects the growth in the satellite-based communications industries and the requirement to replace aging satellites. Other factors that have impacted, and are expected to continue to impact earnings and cash flows for this business include:

- Our ability to control our capital expenditures, which primarily are limited to modifications to accommodate payload processing for new launch vehicles, upgrading communications infrastructure and other building improvements.
- The continuing limited availability of competing facilities at the major domestic launch sites that can offer comparable services, leading to an increase in government use of our services.
- Our ability to complete customer specified facility modifications within budgeted costs and time commitments.
- Our ability to control and reduce costs in order to maximize profitability of our fixed-priced contracts.

Spacetech

Our other business unit is an incubator intended to commercialize space-industry technologies into commercial applications to be sold to consumers and industry. The 1st Detect Miniature Chemical Detector and the Astrogenetix microgravity processing platform are initiatives developed under our Spacetech business unit. The 1st Detect Miniature Chemical Detector, which is in development, is a low power, portable chemical detection device. 1st Detect has been awarded a Developmental Testing and Evaluation designation from the U.S. Department of Homeland Security as a "promising anti-terrorism technology", and is the recipient of a Phase I and Phase II award from the U.S. Army's Chemical and Biological Defense ("CBD") Small Business Innovation Research ("SBIR") Program. Following the successful execution of the Phase I SBIR, 1st Detect was awarded a $0.8 million Phase II SBIR contract from the Joint Science and Technology Office for Chemical and Biological Defense. Additionally, 1st Detect received a $1.8 million award from the Texas Emerging Technology Fund in March 2010. Astrogenetix is a biotechnology company formed to commercialize products processed in the unique environment of microgravity. Astrogenetix has pursued an aggressive space access strategy to take advantage of the Space Shuttle program prior to its retirement, which occurred in 2011. This strategy gave Astrogenetix unprecedented access to research in microgravity, as the company flew twelve experiments over a three year period. Astrogenetix is currently developing a Salmonella vaccine as part of the ongoing commercialization strategy. Concurrently, Astrogenetix is working on the continued development of a vaccine target for methicilin-resistant Staphylococcus aureus ("MRSA") based on discoveries made in microgravity.

Critical Accounting Policies

Revenue Recognition

Astrotech recognizes revenue employing several generally accepted revenue recognition methodologies across its business units. The methodology used is based on contract type and the manner in which products and services are provided.

Revenue generated by Astrotech's payload processing facilities is recognized ratably over the occupancy period of the satellite while in the Astrotech facilities. The percentage-of-completion method is used for all contracts where incurred costs can be reasonably estimated and successful completion can be reasonably assured at inception. Changes in estimated costs to complete and provisions for contract losses are recognized in the period they become known. Revenue for the sale of commercial products is recognized at shipment.

A Summary of Revenue Recognition Methods

Services/Products Provided	Contract Type	Method of Revenue Recognition
Payload Processing Facilities	Firm Fixed Price — Mission Specific	Ratably, over the occupancy period of a satellite within the facility from arrival through launch
	Firm Fixed Price — Guaranteed Number of Missions	For multi-year contract, payments recognized ratably over the contract period
Commercial Space Habitat Modules, Integration & Operations Support Services and Construction contracts	Firm Fixed Price	Percentage-of-completion based on costs incurred
Configuration Management, Engineering Services	Cost Reimbursable Award/Fixed Fee	Reimbursable costs incurred plus award/fixed fee
Commercial Products	Specific Purchase Order Based	At shipment
Grant	Cost Reimbursable Award	As costs are incurred for related research and development expenses

Under certain contracts, we make expenditures for specific enhancements and/or additions to our facilities where the customer agrees to pay a fixed fee to deliver the enhancement or addition. We account for such agreements as a reduction in the cost of such investments and recognize any excess of amounts collected above the expenditure as revenue. Revenue for ASO recognized under a building modification contract with a government agency was accounted for under the percentage-of-completion method based on costs incurred over the period of the agreement.

Long-Lived Asset

In assessing the recoverability of long-lived assets, fixed assets, assets under construction and intangible assets, we evaluate the recoverability of those assets. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that directly affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

Deferred Revenue

Deferred revenue represents amounts collected from customers for projects, products, or services expected to be provided at a future date. Deferred revenue is shown on the balance sheet as either a short-term or long-term liability, depending on when the service or product is expected to be provided.

Share Based Compensation

The Company accounts for share-based awards to employees based on the fair value of the award on the grant date. The fair value of the stock options is estimated using expected dividend yields of the Company's stock, the expected volatility of the stock, the expected length of time the options remain outstanding and risk-free interest rates. Changes in one or more of these factors may significantly affect the estimated fair value of the stock options. Additionally, the Company estimates the number of instruments for which the required service is expected to be rendered. The Company estimates forfeitures using historical forfeiture rates for previous grants of equity instruments. The fair value of awards that are expected to vest is recorded as an expense over the vesting period.

Noncontrolling Interest

Noncontrolling interest accounting is applied for any entities where the Company maintains more than 50% and less than 100% ownership. The Company clearly identifies the noncontrolling interest in the balance sheets and income statements. We also disclose three measures of net income: net income, net income attributable to noncontrolling interest, and net income attributable to Astrotech Corporation. Our operating cash flows in our consolidated statements of cash flows reflect net income, while our basic and diluted earnings per share calculations reflect net income attributable to Astrotech Corporation.

State of Texas Funding

The Company accounts for the State of Texas funding in the amount of $1.8 million in its majority owned subsidiary 1st Detect as a contribution of capital and has reflected the disbursement in the equity section of the consolidated balance sheet. While the award agreement includes both a common stock purchase right and a note payable to the State of Texas, the economic substance of the transaction is that the State of Texas has purchased shares of 1st Detect in exchange for the granted award.

Income Taxes

The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts. Valuation allowances are established, when necessary, to reduce deferred tax assets to amounts that are more likely than not to be realized. As of June 30, 2011, the Company has established a full valuation allowance against all of its net deferred tax assets.

FASB ASC 740, Income Taxes (FASB ASC 740) addresses the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a recognition threshold and measurement attribute for financial statement disclosure of tax positions taken or expected to be taken on a tax return. The Company had no liability for unrecognized tax benefits on June 30, 2010, but has recorded an unrecognized tax benefit of $0.1 million for the period ended June 30, 2011.

For the year ended June 30, 2011 and 2010, the Company's effective tax rate differed from the federal statutory rate of 35%, primarily due to recording changes to the valuation allowance placed against its net deferred tax assets.

The Company files income tax returns in the U.S. federal jurisdiction and in various states. Due to the Company's loss carryover position, it is subject to U.S. federal and state income tax examination adjustments to its carryover benefits generated after 1999.

Currently, the Company is under examination by the Internal Revenue Service for its 2008 through 2010 tax year.

CONSOLIDATED RESULTS OF OPERATIONS

Results of Operations for the Years Ended June 30, 2011 and 2010

The following table sets forth the significant components in the Consolidated Statements of Operations for the year ended June 30, 2011, compared with 2010. The financial information and the discussion below should be read in conjunction with the Consolidated Financial Statements and Notes to Consolidated Financial Statements.

	Year Ended June 30,		
(In thousands)	2011	2010	Variance
Revenue	$20,149	$27,979	$(7,830)
Cost of Revenue	13,668	12,858	810
Gross profit	**6,481**	**15,121**	**(8,640)**
Operating expenses			
Selling, general and administrative	8,402	12,170	(3,768)
Research and development	3,834	2,798	1,036
Total operating expenses	12,236	14,968	2,732
Income (loss) from operations	**(5,755)**	**153**	**(5,908)**
Interest and other expense, net	(279)	(459)	180
Loss before income taxes	**(6,034)**	**(306)**	**(5,728)**
Income tax (expense) benefit	53	(22)	75
Net loss	**(5,981)**	**(328)**	**(5,653)**
Less: net loss attributable to noncontrolling interest	(998)	(588)	(410)
Net income (loss) attributable to Astrotech Corporation	**$ (4,983)**	**$ 260**	**$(5,243)**

The following table sets forth the percentage of total revenue of certain items in the Consolidated Statements of Operations for the year ended June 30, 2011, compared with 2010:

	Year Ended June 30,	
	2011	**2010**
Revenue	**100%**	**100%**
Cost of revenue	68%	46%
Gross profit	**32%**	**54%**
Operating expenses		
Selling, general and administrative	42%	44%
Research and development	19%	10%
Total operating expenses	**61%**	**54%**
Income (loss) from operations	(29)%	1%
Interest and other expense, net	(1)%	(2)%
Income (loss) before income taxes	(30)%	(1)%
Income tax (expense) benefit	*	*%
Net income (loss)	**(30)%**	**(1)%**
Less: net loss attributable to noncontrolling interest	(5)%	(2)%
Net income (loss) attributable to Astrotech Corporation	**(25)%**	**1%**

* Represents less than 1% of period revenue

Revenue. Total revenue decreased to $20.1 million for the year ended June 30, 2011 from $28.0 million for the year ended June 30, 2010 primarily due to a decreased launch schedule. Additionally, total revenue for fiscal year 2010 includes revenue earned for the completion of construction on our newest five-meter satellite facility and associated building improvement projects at Vandenberg Airforce Base ("VAFB"), revenue earned from the multi-year guaranteed mission contract with United Launch Alliance and revenue earned from processing RSC-Energia's MRM1 in our Cape Canaveral facility.

A breakdown of revenue for the years ended June 30, 2011 and 2010 is as follows:

	Year Ended June 30,	
(In thousands)	**2011**	**2010**
ASO	$19,817	$27,979
Spacetech	332	—
Total	**$20,149**	**$27,979**

Gross Profit. Gross profit decreased to $6.5 million for the year ended June 30, 2011, as compared to $15.1 million for the year ended June 30, 2010. The decrease in gross profit was primarily attributable to the decline in revenue.

Selling, General and Administrative Expense. Selling, general and administrative expense decreased to $8.4 million for the year ended June 30, 2011 from $12.2 million for the year ended June 30, 2010. The decrease was primarily attributable to reduced costs associated with lower headcount as part of the fiscal year 2011 corporate realignment and a reduction in outside consulting fees.

Research and Development Expense. Research and development expense increased to $3.8 million for the year ended June 30, 2011 from $2.8 million for the year ended June 30, 2010. The increase was primarily attributable to our continued investments in the development of the 1st Detect Miniature Chemical Detector, including an increase in headcount and employee compensation.

Interest and Other expense, net. Interest and other expense, net, decreased to $0.3 million for the year ended June 30, 2011 from $0.5 million for the year ended June 30, 2010. Interest and other expense, net, for fiscal 2010 include the write-off of $0.2 million of aerospace metals.

SEGMENT RESULTS OF OPERATIONS

ASO

Selected financial data for the years ended June 30, 2011, and 2010 of our ASO business unit is as follows:

	Year Ended June 30,		
(In thousands)	2011	2010	Variance
Revenue	$19,817	$27,979	$(8,162)
Cost of revenue	13,668	12,854	814
Gross profit	**6,149**	**15,125**	**(8,976)**
Gross margin percentage	31%	54%	(23)%
Operating expenses			
Selling, general and administrative	5,486	8,563	(3,077)
Total operating expenses	**5,486**	**8,563**	**(3,077)**
Interest and other expense, net	(225)	(230)	5
Net income	**438**	**6,332**	**(5,894)**
Less: net loss attributable to noncontrolling interest	—	—	—
Net income attributable to ASO	**$ 438**	**$ 6,332**	**$(5,894)**

Revenue. Total revenue decreased to $19.8 million for the year ended June 30, 2011 from $28.0 million for the year ended June 30, 2010 primarily due to a decreased launch schedule. Additionally, total revenue for fiscal year 2010 includes revenue earned for the completion of construction on our newest five-meter satellite facility and associated building improvement projects at Vandenberg Airforce Base (“VAFB”), revenue earned from the multi-year guaranteed mission contract with United Launch Alliance and revenue earned from processing RSC-Energia’s MRM1 in our Cape Canaveral facility.

Gross Profit. Gross profit decreased to $6.1 million for the year ended June 30, 2011 from $15.1 million for the year ended June 30, 2010. The decrease in gross profit was primary attributable to the decline in revenue.

Selling, General and Administrative Expense. Selling, general and administrative expense decreased to $5.5 million for the year ended June 30, 2011 from $8.6 million for the year ended June 30, 2010. The decrease was primarily attributable to reduced costs associated with lower headcount as part of the fiscal year 2011 corporate realignment and a reduction in outside consulting fees.

Spacetech

Selected financial data for the years ended June 30, 2011, and 2010 of our Spacetech business unit is as follows:

(In thousands)	Year Ended June 30, 2011	2010	Variance
Revenue	$ 332	$ —	$ 332
Gross profit (loss)	**332**	**(4)**	**336**
Gross margin percentage	100%	— %	100%
Operating expenses			
Selling, general and administrative	2,916	3,607	(691)
Research and development	3,834	2,798	1,036
Total operating expenses	**6,750**	**6,405**	**345**
Interest and other expense, net	(54)	(229)	175
Income tax expense	53	(22)	75
Net loss	**(6,419)**	**(6,660)**	**241**
Less: net loss attributable to noncontrolling interest	(998)	(588)	(410)
Net loss attributable to Spacetech	**$(5,421)**	**$(6,072)**	**$ 651**

Revenue. Total revenue increased $0.3 million for the year ended June 30, 2011 as a result of the grant that 1st Detect has received from the SBIR Program.

Gross Profit (Loss). Gross profit increased to $0.3 million for the year ended June 30, 2011 as a result of the grant that 1st Detect has received from the SBIR Program. Costs associated with this program are expensed to research and development.

Selling, General and Administrative Expense. Selling, general and administrative expense decreased to $2.9 million for the year ended June 30, 2011 from $3.6 million for the year ended June 30, 2010. The decrease was primarily attributable to a reduction in outside consulting fees.

Research and Development Expense. Research and development expense increased to $3.8 million for the year ended June 30, 2011 from $2.8 million for the year ended June 30, 2010. The increase in expense was the result of our investments in the development of the 1st Detect Miniature Chemical Detector.

Interest and Other Expense, Net. Interest and other expense, net, decreased to $0.1 million in the year ended June 30, 2011, as compared to $0.2 million for the year ended June 30, 2010. Interest and other expense, net, for fiscal 2010 include the write-off of $0.2 million of aerospace metals.

FINANCIAL CONDITION, CAPITAL RESOURCES, AND LIQUIDITY

Balance Sheet

Total assets for the year ended June 30, 2011, were $57.6 million compared to total assets of $54.9 million as of the end of fiscal year 2010. The following table sets forth the significant components of the balance sheet as of June 30, 2011, compared with 2010 (in thousands):

	Year Ended June 30,		
	2011	2010	Variance
Assets:			
Current assets	$18,386	$14,964	$ 3,422
Property and equipment, net	38,418	39,920	(1,502)
Other assets, net	816	19	797
Total	**$57,620**	**$54,903**	**$ 2,717**
Liabilities and stockholders' equity:			
Current debt	$ 348	$ 8,467	$(8,119)
Other current liabilities	13,018	3,874	9,144
Long-term debt	6,422	—	6,422
Other long-term liabilities	274	350	(76)
Stockholders' equity	37,558	42,212	(4,654)
Total	**$57,620**	**$54,903**	**$ 2,717**

Current assets. Current assets increased $3.4 million for the year ended June 30, 2011, as compared to June 30, 2010. This is the result of an increase in cash provided by operations.

Property and equipment, net. Depreciation and amortization expense of $2.3 million exceeded capital expenditures of $0.8 million.

Other assets, net. Other assets, net, increased $0.8 million for the year ended June 30, 2011, as compared to June 30, 2010. A note receivable of $0.7 million that was due within the next fiscal year as of June 30, 2010 is now classified as a long-term other asset as of June 30, 2011, given that the maturity of the note was extended to December 2012.

Current and long-term debt. The legacy term note outstanding in October 2010 of $3.4 million was paid in full upon entering into the new financing facility for $7.0 million. The $5.1 million of Senior Convertible Notes were also retired in October 2010.

Other current liabilities. Other current liabilities increased by $9.1 million for the year ended June 30, 2011, as compared to June 30, 2010. The primary driver was a $9.0 million increase in deferred revenue relating to the Ground Support Equipment ("GSE") contract. Deferred revenue represents amounts collected from customers for projects, products, or services expected to be provided at a future date.

Other long-term liabilities. Other long-term liabilities decreased $0.1 million for the year ended June 30, 2011, as compared to June 30, 2010. This was due to a decrease in non-current deferred revenue.

Liquidity and Capital Resources

The following is a summary of the change in our cash and cash equivalents:

	June 30,	
	2011	2010
Net cash provided by operating activities	$ 9,234	$ 4,437
Net cash used in investing activities	(776)	(1,829)
Net cash provided by (used in) financing activities	(1,549)	747
Net increase in cash and cash equivalents	**$ 6,909**	**$ 3,355**

Cash and Cash Equivalents

At June 30, 2011, we held cash and cash equivalents of $15.0 million and our working capital was approximately $5.0 million. At June 30, 2010, we held cash and cash equivalents of $8.1 million and our working capital was approximately $2.6 million. Cash and cash equivalents have increased by approximately $6.9 million during the year ended June 30, 2011 from positive operating cash flows offset by capital expenditures of $0.8 million and financing activities of $1.5 million.

Operating Activities

Cash provided by operations increased to $9.2 million for the year ended June 30, 2011 from $4.4 million for the year ended June 30, 2010. The primary driver of 2011 operating cash flow was a $9.0 million increase in deferred revenue relating to the Ground Support Equipment ("GSE") contract. Deferred revenue represents amounts collected from customers for projects, products, or services expected to be provided at a future date.

Investing Activities

Cash used in investing activities for the year ended June 30, 2011 decreased to $0.8 million from $1.8 million for the year ended June 30, 2010. Our investing activities are driven primarily by capital expenditures. The decline in capital expenditures resulted from the completion of an administrative customer support building at VAFB in 2010.

Financing Activities

Cash used in financing activities for the year ended June 30, 2011 increased to $1.5 million from $0.8 million of cash provided by financing activities for the year ended June 30, 2010. The increase is a result of repaying the Senior Convertible Notes of $5.1 million and retiring the legacy term loan of $3.4 million, partially offset by acquiring the current term loan of $7.0 million.

Debt

Credit Facilities

In October 2010, we entered into a financing facility with a commercial bank providing a $7.0 million term loan note and a $3.0 million revolving credit facility. The $7.0 million term loan terminates in October 2015 and the $3.0 million revolving credit facility expires October 2012. The term loan requires monthly payments of principal plus interest at the rate of prime plus 0.25%, but not less than 4.0%. The revolving credit facility allows multiple advances not to exceed $3.0 million, based on eligible accounts receivable, and incurs interest at the rate of prime plus 0.25%, but not less than 4.0%. The bank financing facilities are secured by the assets of ASO, including accounts receivable, and require us to comply with designated covenants. The balance of the $7.0 million term loan at June 30, 2011 was $6.8 million and there was no outstanding balance on the revolving credit facility at June 30, 2011.

The legacy term note outstanding in October 2010 of $3.4 million was paid in full upon entering into the new financing facility. The legacy term note and credit financing facility were closed as of October 2010.

The Company was in compliance with all covenants as of June 30, 2011.

Senior Convertible Notes

The $5.1 million of Senior Convertible Notes were retired in October 2010. The company paid the $5.1 million of principal, plus accrued interest of $0.1 million, on the Senior Convertible Notes at the scheduled maturity.

Contractual Obligations

In addition to the term loan (see "Debt" explanation above), the Company is obligated under non-cancelable operating leases for equipment, office space and the land for a payload processing facility. Future minimum payments under the term loan and non-cancelable operating leases are as follows (in thousands):

	Payments due by period				
Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Term Loan	$6,770	$ 348	$6,422	$—	$—
Operating Lease Obligations	1,152	847	305	—	—
Total	**$7,922**	**$1,195**	**$6,727**	**$—**	**$—**

Rent expense for each of the years ended June 30, 2011, and 2010 was approximately $0.9 million. For fiscal year 2011, the Company received sublease payments of $0.2 million.

ASO presently leases the 60-acre site located on VAFB in California, where we own four buildings totaling over 50,000 square feet of space. The present land lease expires in July 2013, with provisions to extend the lease at the request of the lessee and the concurrence of the lessor. Upon final expiration of the land lease, all improvements on the property revert, at the lessor's option, to the lessor at no cost.

State of Texas Funding

In March 2010, the Texas Emerging Technology Fund awarded 1st Detect $1.8 million for the development and marketing of the Miniature Chemical Detector, a portable mass spectrometer designed to serve the security, healthcare and industrial markets (See Note 14). As of June 30, 2011, 1st Detect has received the first of two $0.9 million disbursements. The disbursed amount of $0.9 million represents a contingency through March 2020, the date of cancellation. If an event of default should occur, the principal and accrued interest would be reclassified from equity to notes payable in the consolidated financial statements as amounts due to the State of Texas. Management considers the likelihood of an event of default to be remote due to the fact that the covenants that would necessitate repayment are within the control of the Company. As of June 30, 2011, no default events have occurred.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of June 30, 2011.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

Our primary exposure to market risk relates to interest rates. We do not currently use any interest rate swaps or derivative financial instruments to manage our exposure to fluctuations in interest rates. A one percent change in variable interest rates will not have a material impact on our financial condition.

Item 8. Financial Statements and Supplementary Data.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Astrotech Corporation

We have audited the accompanying consolidated balance sheet of Astrotech Corporation as of June 30, 2011, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Astrotech Corporation at June 30, 2011, and the consolidated results of its operations and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Austin, Texas
September 20, 2011

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Astrotech Corporation and Subsidiaries:

We have audited the accompanying consolidated balance sheets of Astrotech Corporation and its subsidiaries (the “Company”) as of June 30, 2010, and the related consolidated statements of operations, stockholders’ equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used, and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of June 30, 2010, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ PMB HELIN DONOVAN LLP
Austin, Texas
August 30, 2010

ASTROTECH CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
(In thousands, except share data)

	June 30, 2011	June 30, 2010
Assets		
Current assets		
Cash and cash equivalents	$ 14,994	$ 8,085
Accounts receivable, net	2,429	5,676
Prepaid expenses and other current assets	963	528
Short term note receivable	—	675
Total current assets	**18,386**	**14,964**
Property and equipment, net	38,418	39,920
Long term note receivable	675	—
Other assets, net	141	19
Total assets	**$ 57,620**	**$ 54,903**
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 757	$ 859
Accrued liabilities and other	1,342	2,083
Deferred revenue	10,919	854
Term note payable	348	3,356
Senior convertible subordinated notes payable — 5.5%	—	5,111
Other	—	78
Total current liabilities	**13,366**	**12,341**
Deferred revenue	274	350
Term note payable, net of current portion	6,422	—
Total liabilities	**20,062**	**12,691**
Commitments and contingencies (Note 13)	—	—
Stockholders' equity		
Preferred stock, no par value, convertible, 2,500,000 authorized shares, 0 issued and outstanding shares, at June 30, 2011 and 2010	—	—
Common stock, no par value, 75,000,000 shares authorized at June 30, 2011 and 2010, 18,339,609 and 17,062,793 shares issued at June 30, 2011 and 2010, respectively	183,712	183,515
Treasury stock, 311,660 shares at cost	(237)	(237)
Additional paid-in capital	1,104	639
Retained deficit	(148,942)	(143,959)
Noncontrolling interest	1,921	2,254
Total stockholders' equity	**37,558**	**42,212**
Total liabilities and stockholders' equity	**$ 57,620**	**$ 54,903**

See accompanying notes to consolidated financial statements.

ASTROTECH CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations
(In thousands, except per share data)

	Year Ended June 30,	
	2011	**2010**
Revenue	$20,149	$27,979
Cost of revenue	13,668	12,858
Gross profit	**6,481**	**15,121**
Operating expenses		
Selling, general and administrative	8,402	12,170
Research and development	3,834	2,798
Total operating expenses	12,236	14,968
Income (loss) from operations	**(5,755)**	**153**
Interest and other expense, net	(279)	(459)
Loss before income taxes	**(6,034)**	**(306)**
Income tax benefit (expense)	53	(22)
Net loss	**(5,981)**	**(328)**
Less: Net loss attributable to noncontrolling interest	(998)	(588)
Net income (loss) attributable to Astrotech Corporation	**$ (4,983)**	**$ 260**
Net income (loss) per share, basic	$ (0.28)	$ 0.02
Weighted average common shares outstanding, basic	17,822	16,567
Net income (loss) per share, diluted	$ (0.28)	$ 0.01
Weighted average common shares outstanding, diluted	17,822	18,283

See accompanying notes to consolidated financial statements.

ASTROTECH CORPORATION AND SUBSIDIARIES
Consolidated Statement of Changes in Stockholders' Equity
(In thousands)

	Common Stock		Treasury	Additional		Non-	Total
	Number of Shares	Amount	Stock Amount	Paid-In Capital	Accumulated Deficit	Controlling Interest	Stockholders' Equity
Balance at June 30, 2009	16,443	$183,341	$(237)	$ 1,663	$(144,219)	$ —	$40,548
Stock based compensation	—	—	—	862	—	116	978
Exercise of stock options	283	174	—	(60)	—	—	114
Restricted stock issuance	25	—	—	—	—	—	—
Issuance of restricted stock and warrants in subsidiaries	—	—	—	(1,826)	—	1,826	—
State of Texas Funding						900	900
Net income (loss)	—	—	—	—	260	(588)	(328)
Balance at June 30, 2010	16,751	$183,515	$(237)	$ 639	$(143,959)	$2,254	$42,212
Stock based compensation	—	—	—	1,115	—	64	1,179
Exercise of stock options	344	197	—	(49)	—	—	148
Restricted stock issuance	933	—	—	—	—	—	—
Capital contribution	—	—	—	(601)	—	601	—
Net loss	—	—	—	—	(4,983)	(998)	(5,981)
Balance at June 30, 2011	18,028	$183,712	$(237)	$ 1,104	$(148,942)	$1,921	$37,558

See the accompanying notes to consolidated financial statements.

ASTROTECH CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended June 30,	
	2011	**2010**
Cash flows from operating activities		
Net loss	$ (5,981)	$ (328)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Stock-based compensation	1,195	978
Depreciation and amortization	2,315	2,135
Changes in assets and liabilities:		
Accounts receivable	3,247	6,603
Deferred revenue	9,989	(3,039)
Accounts payable	(102)	(2,106)
Other assets and liabilities	(1,429)	194
Net cash provided by operating activities	9,234	4,437
Cash flows from investing activities		
Purchases of property, equipment and leasehold improvements	(776)	(1,829)
Net cash used in investing activities	(776)	(1,829)
Cash flows from financing activities		
Term loan payment	(173)	—
Term loan repayment	(3,356)	(267)
Senior convertible note repayments	(5,111)	—
State of Texas Funding	—	900
Proceeds from issuance of common stock	148	114
Proceeds from term loan	6,943	—
Net cash provided by (used in) financing activities	(1,549)	747
Net change in cash and cash equivalents	**6,909**	**3,355**
Cash and cash equivalents at beginning of period	8,085	4,730
Cash and cash equivalents at end of period	**$14,994**	**$ 8,085**
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 381	$ 469

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Description of the Company and Operating Environment

Astrotech Corporation (Nasdaq: ASTC) ("Astrotech," "the Company," "we," "us" or "our") is a commercial aerospace company that provides spacecraft payload processing and related services, designs and manufactures space hardware, and commercializes space technologies for use on Earth.

The Company has experience supporting both manned and unmanned missions to space with product and service support including space hardware design and manufacturing, research and logistics expertise, engineering and support services, and payload processing and integration. Through new Spacetech business initiatives such as 1st Detect and Astrogenetix, Astrotech is paving the way in the commercialization of space by translating space-based technology into terrestrial applications.

Our Business Units

***Astrotech Space Operations* ("ASO")**

ASO is the leading commercial supplier of satellite launch processing services in the United States. ASO provides processing support for government and commercial customers for their complex communication, earth observation and deep space satellites. ASO's spacecraft processing capabilities are among the elite in the industry, with ideally located facilities that can support the largest five-meter class satellites, encompassing the majority of U.S. based satellite preparation services. ASO has provided launch processing support for government and commercial customers for more than a quarter century, successfully processing more than 290 spacecraft without negatively impacting a customer launch schedule.

Spacetech

Our Spacetech business unit is an incubator intended to develop space-industry technologies into commercial applications to be sold to consumers and industry. Spacetech is currently working on two business initiatives: 1st Detect Corporation and Astrogenetix, Inc. 1st Detect's business began under a Space Act Agreement with the National Aeronautics and Space Administration ("NASA") for a chemical detection unit to be used on the International Space Station. 1st Detect engineers are developing a Miniature Chemical Detector, based on ion trap mass spectrometry, that we believe fills a niche by being highly accurate, lightweight, battery-powered, durable and inexpensive. Astrogenetix is a biotechnology company created to use the unique environment of space to discover and develop novel therapeutic products. A natural extension of the many years of experience preparing, launching, and operating scientific payloads in space, Astrogenetix is in the process of developing products from microgravity discoveries.

The Company's significant legal entities include Astrotech Space Operations, Inc., 1st Detect Corporation and Astrogenetix, Inc.

Liquidity

At June 30, 2011, we had cash and cash equivalents of $15.0 million and our working capital was approximately $5.0 million.

The Company's debt repayments are due as follows (in thousands):

	Balance 6/30/2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015
Term Note	$6,770	$348	$372	$387	$5,663

We believe we have sufficient liquidity and backlog to fund ongoing operations for at least the next fiscal year. We expect to utilize existing cash and proceeds from operations to grow our core business offering in ASO and to support strategies for new business initiatives, most notably, the 1st Detect Miniature Chemical Detector.

(2) Summary of Significant Accounting Policies

Principles of Consolidation and Basis of Presentation

The consolidated financial statements include the accounts of Astrotech Corporation and its majority-owned subsidiaries that are required to be consolidated. All significant intercompany transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that directly affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

Credit Risk

The Company maintains funds in bank accounts that, at times, may exceed the limit insured by the Federal Deposit Insurance Corporation, or "FDIC." In October 2008, the FDIC increased its insurance to $250,000 per depositor, and to an unlimited amount for non-interest bearing accounts. The risk of loss attributable to these uninsured balances is mitigated by depositing funds in what we believe to be high credit quality financial institutions. The Company has not experienced any losses in such accounts.

Revenue Recognition

Astrotech recognizes revenue employing several generally accepted revenue recognition methodologies across its business units. The methodology used is based on contract type and the manner in which products and services are provided.

Revenue generated by Astrotech's payload processing facilities is recognized ratably over the occupancy period of the satellite while in the Astrotech facilities. The percentage-of-completion method is used for all contracts where incurred costs can be reasonably estimated and successful completion can be reasonably assured at inception. Changes in estimated costs to complete and provisions for contract losses are recognized in the period they become known. Revenue for the sale of commercial products is recognized at shipment.

A Summary of Revenue Recognition Methods

Services/Products Provided	Contract Type	Method of Revenue Recognition
Payload Processing Facilities	Firm Fixed Price — Mission Specific	Ratably, over the occupancy period of a spacecraft within the facility from arrival through launch
	Firm Fixed Price — Guaranteed Number of Missions	For multi-year contract, payments recognized ratably over the contract period
Integration & Operations Support Services and Construction Contracts	Firm Fixed Price	Percentage-of-completion based on costs incurred
Configuration Management, Engineering Services	Cost Reimbursable Award/Fixed Fee	Reimbursable costs incurred plus award/fixed fee
Commercial Products	Specific Purchase Order Based	At shipment
Grant	Cost Reimbursable Award	As costs are incurred for related research and development expenses

Under certain contracts, we make expenditures for specific enhancements and/or additions to our facilities where the customer agrees to pay a fixed fee to deliver the enhancement or addition. We account for such agreements as a reduction in the cost of such investments and recognize any excess of amounts collected above the expenditure as revenue. Revenue for ASO recognized under a building modification contract with a government agency was accounted for under the percentage-of-completion method based on costs incurred over the period of the agreement.

Deferred Revenue

Deferred revenue represents amounts collected from customers for projects, products, or services expected to be provided at a future date. Deferred revenue is shown on the balance sheet as either a short-term or long-term liability, depending on when the service or product is expected to be provided.

Research and Development

Research and development costs are expensed as incurred.

Net Income (loss) Per Share

Basic net income (loss) per share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share includes all common stock options and other common stock equivalents that potentially may be issued as a result of conversion privileges, including the convertible subordinated notes payable and convertible preferred stock (see Note 11).

Cash and Cash Equivalents

The Company considers short-term investments with original maturities of three months or less to be cash equivalents. Cash equivalents are comprised primarily of operating cash accounts, money market investments and certificates of deposits.

Accounts Receivable

The carrying value of the Company's accounts receivable, net of the allowance for doubtful accounts, represents their estimated net realizable value. We estimate the allowance for doubtful accounts based on type of customer, age of outstanding receivable, historical collection trends, and existing economic conditions. If events or changes in circumstances indicate that a specific receivable balance may be unrealizable, further consideration is given to the collectability of those balances, and the allowance is adjusted accordingly. Receivable balances deemed uncollectible are written off against the allowance.

Property and Equipment

Property and equipment are stated at cost. All furniture, fixtures, and equipment are depreciated using the straight-line method over the estimated useful lives of the respective assets, which is generally five years. Our payload processing facilities are depreciated using the straight-line method over their estimated useful lives ranging from 16 to 40 years. Leasehold improvements are amortized over the shorter of the useful life of the improvement or the term of the lease. Repairs and maintenance are expensed when incurred.

As required by our customers, we purchase equipment or enhance our facilities to meet specific customer requirements. These enhancements or equipment purchases are compensated through our contract with the customer. The difference between the amount reimbursed and the cost of the enhancements is recognized as revenue.

Deferred Financing Costs

Deferred financing costs represent loan origination fees paid to the lender and related professional fees. These costs are amortized on a straight-line basis over the term of the respective loan agreements.

Impairment of Long-Lived Assets

We review long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Notes Receivable

The carrying value of the Company's notes receivable, net of the allowance for doubtful accounts, represents their estimated net realizable value. We estimate the allowance for doubtful accounts based on type of customer, age of outstanding notes receivable, historical collection trends, and existing economic conditions. If events or changes in circumstances indicate that a specific receivable balance may be unrealizable, further consideration is given to the collectability of those balances, and the allowance is adjusted accordingly. Notes receivable balances deemed uncollectible are written off against the allowance.

Fair Value of Financial Instruments

Our financial instruments consist of cash and cash equivalents, accounts receivable, notes receivable, accounts payable, notes payable and accrued liabilities. The carrying amounts of these assets and liabilities, in the opinion of Company's management, approximate their fair value.

Share Based Compensation

The Company accounts for share-based awards to employees based on the fair value of the award on the grant date. The fair value of the stock options is estimated using expected dividend yields of the Company's stock, the expected volatility of the stock, the expected length of time the options remain outstanding and risk-free interest rates. Changes in one or more of these factors may significantly affect the estimated fair value of the stock options. The Company estimates forfeitures using historical forfeiture rates for previous grants of equity instruments. The fair value of awards that are expected to vest is recorded as an expense over the vesting period.

Noncontrolling Interest

Noncontrolling interest accounting is applied for any entities where the Company maintains more than 50% and less than 100% ownership. The Company clearly identifies the noncontrolling interest in the balance sheets and income statements. We also disclose three measures of net income: net income, net income attributable to noncontrolling interest, and net income attributable to Astrotech Corporation. Our operating cash flows in our consolidated statements of cash flows reflect net income, while our basic and diluted earnings per share calculations reflect net income attributable to Astrotech Corporation.

State of Texas Funding

The Company accounts for the State of Texas funding in its majority owned subsidiary 1st Detect as a contribution of capital and has reflected the disbursement in the equity section of the consolidated balance sheet. While the award agreement includes both a common stock purchase right and a note payable to the State of Texas, the economic substance of the transaction is that the State of Texas has purchased shares of 1st Detect in exchange for the granted award.

The common stock purchase right gives the State of Texas the ability to purchase common stock in 1st Detect, at par value per share, at the earlier of: (1) the first Qualifying Financing Event or (2) eighteen months (See Note 14). As of June 30, 2011, no Qualifying Financing Event has occurred.

There are no cash payments due under the note unless there is an event of default, and the terms that allow for the note to be cancelled after the passage of a set amount of time. The purpose of the note is to provide recourse for the State of Texas if 1st Detect fails to fulfill the purpose of the grant, which is primarily to provide for economic development within the State of Texas. If an event of default should occur, the principal and accrued interest would be reclassified from equity to notes payable in the consolidated financial statements as amounts due to the State of Texas. Management considers the likelihood of an event of default to be remote. As of June 30, 2011, no default events have occurred.

Income Taxes

The Company accounts for income taxes under the liability method, whereby deferred tax asset or liability account balances are determined based on the difference between the financial statement and the tax bases of assets and liabilities using current tax laws and rates in effect for the year in which the differences are expected to affect taxable income. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. A valuation allowance is established when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

(3) Noncontrolling Interest

In January 2010, restricted shares of Astrotech subsidiaries 1st Detect and Astrogenetix were granted to certain employees, directors and officers (see Note 9), resulting in Astrotech owning less than 100% of these subsidiaries. The Company applied non-controlling interest accounting for the periods ended June 30, 2011 and 2010, which requires us to clearly identify the non-controlling interest in the consolidated balance sheets and consolidated income statements. We disclose three measures of net income (loss): net income (loss), net income (loss) attributable to noncontrolling interest, and net income (loss) attributable to Astrotech Corporation. Our operating cash flows in our consolidated statements of cash flows reflect net income (loss), while our basic and diluted earnings per share calculations reflect net income (loss) attributable to Astrotech Corporation.

Beginning balance at July 1, 2010	**$2,254**
Net loss attributable to noncontrolling interest	(998)
Capital Contribution	601
Stocked based compensation	64
Ending balance at June 30, 2011	**$1,921**

As of June 30, 2011, the Company's share of income and losses is 86% for 1st Detect and 83% for Astrogenetix.

(4) Accounts Receivable

As of June 30, 2011, and 2010, accounts receivable consisted of the following (in thousands):

	2011	2010
U.S. Government contracts:		
Billed	$ 436	$2,123
Unbilled	932	836
Total U.S. Government contracts	$1,368	$2,959
Commercial contracts:		
Billed	$ 847	$1,926
Unbilled	214	791
Total commercial contracts	$1,061	$2,717
Total accounts receivable	**$2,429**	**$5,676**

The Company anticipates collecting all unreserved receivables within one year. Unbilled accounts receivable represents revenue earned in excess of contracted billing milestones.

The accuracy and appropriateness of our direct and indirect costs and expenses under government cost-plus contracts, and therefore, our accounts receivable recorded pursuant to such contracts, are subject to extensive regulation and audit by the U.S. Defense Contract Audit Agency ("DCAA") or by other appropriate agencies of the U.S. Government. Such agencies have the right to challenge our cost estimates or allocations with respect to any government contract. In the opinion of management, any adjustments likely to result from remaining inquiries or audits of its contracts would not have a material adverse impact on our financial condition or results of operations.

(5) Property & Equipment

As of June 30, 2011, and 2010, property and equipment consisted of the following (in thousands):

	June 30,	
	2011	**2010**
Flight Assets	$ 44,757	$ 49,210
Payload Processing Facilities	44,717	44,457
Furniture, Fixtures, Equipment & Leasehold Improvements	17,862	19,611
Capital Improvements in Progress	199	108
Gross Property and Equipment	**107,535**	**113,386**
Accumulated Depreciation	(69,117)	(73,466)
Property and Equipment, net	**$ 38,418**	**$ 39,920**

Depreciation and amortization expense of property and equipment for the years ended June 30, 2011 and 2010 was $2.3 million and $2.1 million, respectively.

(6) Debt

Credit Facilities

In October 2010, we entered into a financing facility with a commercial bank providing a $7.0 million term loan note and a $3.0 million revolving credit facility. The $7.0 million term loan terminates in October 2015 and the $3.0 million revolving credit facility expires in October 2012. The term loan requires monthly payments of principal plus interest at the rate of prime plus 0.25%, but not less than 4.0%. The revolving credit facility allows multiple advances not to exceed $3.0 million, based on eligible accounts receivable, and incurs interest at the rate of prime plus 0.25%, but not less than 4.0%. The bank financing facilities are secured by the assets of ASO, including accounts receivable, and require us to comply with designated covenants. The balance of the $7.0 million term loan at June 30, 2011 was $6.8 million and there was no outstanding balance on the revolving credit facility at June 30, 2011.

The legacy term note of $3.3 million outstanding, at September 30, 2010, was paid in full upon entering into the new financing arrangement. The legacy term note and credit financing facility were closed as of October 2010.

The Company was in compliance with all covenants as of June 30, 2011.

Senior Convertible Notes

The $5.1 million of Senior Convertible Notes were retired in October 2010. The Company paid the $5.1 million of principal, plus accrued interest of $0.1 million, at the scheduled maturity.

(7) Fair Value of Financial Instruments

The accounting standard for fair value measurements defines fair value, establishes a market-based framework or hierarchy for measuring fair value, and expands disclosures about fair value measurements. The standard is applicable whenever assets and liabilities are measured and included in the financial statements at fair value.

The fair value hierarchy established in the standard prioritizes the inputs used in valuation techniques into three levels as follows:

Level 1—Quoted prices in active markets for identical assets or liabilities.

Level 2—Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents the carrying amounts, estimated fair values and valuation input levels of certain of the Company's financial instruments as of June 30, 2011 and June 30, 2010 (in thousands):

	June 30, 2011		June 30, 2010		
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Valuation Inputs
Debt	$6,770	$6,770	$3,356	$3,356	Level 2
Senior convertible notes payable — 5.5%	—	—	5,111	4,808	Level 1
Total	**$6,770**	**$6,770**	**$8,467**	**$8,164**	

The carrying value of the Company's debt at June 30, 2011 approximates fair value based on rates available for similar debt available to comparable companies in the marketplace. The carrying amounts of cash and cash equivalents, accounts receivable, notes receivable, and accounts payable approximate their fair market value due to the relatively short duration of these instruments.

(8) Business and Credit Risk Concentration

A substantial portion of our revenue has been generated under contracts with the U.S. Government. During the year ended June 30, 2011 and 2010, approximately 73% and 49%, respectively, of our revenues were generated by various NASA and U.S. Government contracts or subcontracts. Accounts receivable totaled $2.4 million at June 30, 2011 of which 56% was attributable to the U.S. Government.

The Company maintains funds in bank accounts that may exceed the limit insured by the Federal Deposit Insurance Corporation, or "FDIC." In October 2008, the FDIC increased its insurance to $250,000 per depositor, and to an unlimited amount for non-interest bearing accounts. The risk of loss attributable to these uninsured balances is mitigated by depositing funds in what we believe to be high credit quality financial institutions. The Company has not experienced any losses in such accounts.

(9) Common Stock Incentive, Stock Purchase Plans and Other Compensation Plans

At June 30, 2011, 2,241,425 shares of Common Stock were reserved for future grants of stock incentive grants under the Company's four stock incentive plans.

The 1994 Plan ("1994 Plan")

Under the terms of the 1994 Plan, the number and price of the stock incentive awards granted to employees is determined by the Board of Directors and such grants vest, in most cases, incrementally over a period of four years and expire no more than ten years after the date of grant. The total number of shares that are available under this plan is 395,000. As of June 30, 2011, there are no shares available for grant. Based on the Articles of the 1994 stock incentive plan, no awards shall be granted more than ten years after the effective date of the plan unless amended.

The Directors' Stock Option Plan ("Director's Plan")

Options under the Director's Plan vest after one year and expire seven years from the date of grant. The total number of options that are available under this plan is 50,000. Through June 30, 2011, there are 33,000 options available for grant.

Space Media, Inc. Stock Option Plan

During the year ended June 30, 2000, Space Media, Inc. ("SMI"), a majority-owned subsidiary of the Company, adopted an option plan under which 1,500,000 shares of our Common Stock have been reserved for future grants. The operations of SMI have been discontinued. No options were issued or are outstanding under this plan.

2008 Stock Incentive Plan ("2008 Plan")

The 2008 Plan was created to promote growth of the Company by aligning the long-term financial success of the Company with the employees, consultants and directors. In the first and second quarters of fiscal 2010, the compensation committee of the Board of Directors granted 1,995,559 and 410,000 restricted shares, respectively, to directors, named executive officers and employees in recognition of the positive fiscal 2009 financial and operating performance. The shares were issued from the 2008 Stock Incentive Plan, vest 33.33% a year over a three year period and expire upon the employee's termination. As of June 30, 2011, 5,622,267 stock options and restricted shares were granted, 578,957 shares have been cancelled and 456,690 shares are available for future grant.

2011 Stock Incentive Plan ("2011 Plan")

The 2011 Plan was designed to increase shareholder value by compensating employees over the long term. The plan is to be used to promote long-term financial success and execution of our business strategy. Currently there are 1,750,000 shares available under the plan and as of June 30, 2011 there have been no grants.

2011 1st Detect Stock Incentive Plan

The 2011 Plan was designed to increase shareholder value by compensating employees over the long term. The plan is to be used to promote long-term financial success and execution of our business strategy. Currently there are 2,500 shares available under the plan and as of June 30, 2011 there have been no grants.

1st Detect

On January 19, 2010, an independent committee of the Board of Directors of 1st Detect, a subsidiary of the Company, approved a grant of 1,180 restricted stock shares and 1,820 stock purchase warrants to certain officers, directors and employees of 1st Detect. The awards vest 50% a year over a 2 year period. The restricted stock awards are equal to the fair market value of 1st Detect's common stock on the date of grant as determined by an independent valuation firm. The Company recognized compensation expense of $0.1 million for restricted stock outstanding for each of the years ended June 30, 2011 and 2010. The Company utilized the Black-Scholes methodology in determining the fair market value of the warrants of $0.2 million, of which $0.1 million was recognized for each of the years ended June 30, 2011 and 2010.

Astrogenetix

On January 19, 2010, an independent committee of the Board of Directors of Astrogenetix, a subsidiary of the Company, approved a grant of 1,550 restricted stock shares and 2,050 stock purchase warrants to certain officers, directors and employees of Astrogenetix. The awards vest 50% a year over a 2 year period. The restricted stock awards are equal to the fair market value of Astrogentix's common stock on the date of grant as determined by an independent valuation firm. The Company recognized compensation expense of $0.1 million for restricted stock outstanding for each of the years ended June 30, 2011 and 2010. The Company utilized the Black-Scholes methodology in determining the fair market value of the warrants of $0.1 million, of which $0.1 million was recognized for each of the years ended June 30, 2011 and 2010.

Stock Option Activity Summary

The Company's stock options activity for the twelve months ended June 30, 2011 was as follows:

	Shares (in thousands)	Weighted Average Exercise Price
Outstanding at June 30, 2010	745	$ 1.45
Granted	—	—
Exercised	(344)	0.43
Cancelled or expired	(24)	18.43
Outstanding at June 30, 2011	377	$ 1.28

The aggregate intrinsic value of options exercisable at June 30, 2011 was $0.2 million as the fair value of the Company's common stock is more than the exercise prices of these options.

Range of exercise prices	Number Outstanding	Options outstanding Weighted-Average Remaining Contractual Life (years)	Weighted-Average Exercise Price	Number Exercisable	Options exercisable Weighted-Average Exercise Price
$0.30 – 0.45	353,750	7.29	$ 0.37	236,250	$ 0.37
$4.40 – 11.50	11,900	2.72	8.46	11,900	8.46
$14.30 – 26.00	11,700	1.20	21.70	11,700	21.70
$0.30 – 26.00	377,350	6.96	$ 1.28	259,850	$ 1.70

Compensation costs recognized related to vested stock option awards during the year ended June 30, 2011, and 2010 was $(0.1) million and $0.1 million, respectively. At June 30, 2011, there was $0.1 million of total unrecognized compensation cost related to non-vested stock option awards, which is expected to be recognized over a weighted-average period of 1.33 years.

Restricted Stock

At June 30, 2011, and 2010, there was $0.9 million and $2.3 million of unrecognized compensation costs related to restricted stock, respectively, which is expected to be recognized over a weighted average period of 1.15 years.

The Company's restricted stock activity for the twelve months ended June 30, 2011, was as follows:

	Shares (in thousands)	Weighted Average Grant-Date Fair Value
Non-vested at June 30, 2010	2,336	$1.17
Issued	61	1.24
Vested	(933)	1.20
Cancelled or expired	(99)	1.79
Non-vested at June 30, 2011	1,365	$1.14

Restricted Stock 1st Detect

At June 30, 2011, there was $0.1 million of unrecognized compensation costs related to restricted stock and warrants, which is expected to be recognized over a weighted average period of 0.6 years.

1st Detect restricted stock activity for the twelve months ended June 30, 2011, was as follows:

	Shares	Weighted Average Grant-Date Fair Value
Non-vested at June 30, 2010	1,180	$212.00
Granted	—	—
Vested	(590)	212.00
Cancelled or expired	—	—
Non-vested at June 30, 2011	590	$212.00

Restricted Stock Astrogenetix

At June 30, 2011, there was $0.1 million of unrecognized compensation costs related to restricted stock and warrants, which is expected to be recognized over a weighted average period of 0.6 years.

Astrogenetix restricted stock activity for the twelve months ended June 30, 2011, was as follows:

	Shares	Weighted Average Grant-Date Fair Value
Non-vested at June 30, 2010	1,550	$167.00
Granted	—	—
Vested	(625)	167.00
Cancelled or expired	(300)	167.00
Non-vested at June 30, 2011	625	$167.00

Other Stock Based Incentive Awards

2007 performance shares — We issued 239,900 performance shares in December 2007 out of the 1994 Plan. Subsequent to issuance 179,000 shares were forfeited, accordingly 60,900 shares vested in February 2011. The performance shares were valued at the close of business on the date of grant, and recognized expense and accrued an incentive compensation liability, pro rata over the vesting period. An expense was incurred in the amount of $0.1 million for the year ended June 30, 2011.

Fair Value of Stock Based Compensation

The Company calculated the fair value of each option grant on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

	Spacetech Year ended June 30,	
	2011	2010
Expected Dividend Yield	— %	0%
Expected Volatility	—	0.66
Risk-Free Interest Rates	— %	0.9%
Expected Option Life (in years)	—	2.00

No options have been issued during the year ended June 30, 2011. The assumptions are as follows:

- We estimated volatility using industry competitor's historical share price performance over the last two years. Management believes the historical estimated volatility is materially indicative of expectations about expected future volatility.
- We use the simplified method to estimate expected lives for options granted.
- The risk-free interest rate is based on the U.S. Treasury yield in effect at the time of grant for the expected term of the option.
- The expected dividend yield is based on our current dividend yield and the best estimate of projected dividend yield for future periods within the expected life of the option, which is currently 0%.

Cash Based Long Term Incentive Awards

The Compensation Committee of the Board of Directors adopted and implemented a Long-Term Cash Incentive Plan during the second quarter of fiscal year 2008. The Long-Term Cash Incentive Plan pays cash awards to employees upon the successful completion of certain events and passage of time as established by the Compensation Committee. In the year ended June 30, 2008, the Compensation Committee awarded Long-Term Cash Incentive Units valued at $0.3 million to employees. These units vested 50% in August 2010 and 50% in February 2011. For fiscal year 2011, expense recognized for this plan totaled $0.1 million and cash paid to employees was $0.1 million.

Securities Repurchase Program

In March 2009, the Company repurchased 300,000 shares of Common Stock at a price of $0.40 per share, pursuant to the securities repurchase program. As of June 30, 2011, we had repurchased 311,660 share of Common Stock at a cost of $0.2 million, which represents an average cost of $0.76 per share, and $1.1 million of Senior Convertible Notes. As a result, the Company is authorized to repurchase an additional $5.7 million of securities under this program.

Common stock repurchases under the Company's securities repurchase program may be made from time-to-time, in the open market, through block trades or otherwise in accordance with applicable regulations of the Securities and Exchange Commission. Depending on market conditions and other factors, these purchases may be commenced or suspended at any time or from time-to-time without prior notice. Additionally, the timing of such transactions will depend on other corporate strategies and will be at the discretion of the management of the Company.

(10) Income Taxes

The components of income tax expense (benefit) from continuing operations are as follows (in thousands):

	Year Ended June 30, 2011	Year Ended June 30, 2010
Current		
Federal	$ —	$ —
State and local	(53)	22
Foreign	—	—
	$ (53)	$ 22
Deferred		
Federal	—	—
State and local	—	—
Foreign	—	—
Total Tax Expense	**$ (53)**	**$ 22**

A reconciliation of the reported income tax expense to the amount that would result by applying the U.S. Federal statutory rate to the income (loss) before income taxes to the actual amount of income tax expense (benefit) recognized follows (in thousands):

	Year Ended June 30, 2011	Year Ended June 30, 2010
Expected expense (benefit)	$(2,112)	$(104)
State Tax Expense	3	22
Adjustment from prior year state tax filings	(56)	—
Change in temporary tax adjustments not recognized	(605)	(186)
Net reduction in prior year DTA balances	2,179	—
Stock compensation	418	207
Other permanent items	120	83
Total	**$ (53)**	**$ 22**

The Company's deferred tax assets as of June 30, 2011 and 2010 consist of the following (in thousands):

Deferred tax assets:		
Net operating loss carryforwards	$ 12,260	$ 12,410
Alternative minimum tax credit carryforwards	671	689
Accrued expenses and other timing	333	85
Total gross deferred tax assets	$ 13,264	$ 13,184
Less — valuation allowance	(12,184)	(12,789)
Net deferred tax assets	$ 1,080	$ 395
Deferred tax liabilities:		
Property and equipment, principally due to differences in depreciation	(1,080)	(395)
Total gross deferred tax liabilities	$ (1,080)	$ (395)
Net deferred tax assets (liabilities)	**$ —**	**$ —**

The valuation allowance decreased by approximately $0.6 million for the year ended June 30, 2011. The valuation allowance decreased by approximately $0.2 million for the year ended June 30, 2010. The Company adjusted the value of its deferred tax assets (before valuation allowance) as the result of proposed adjustments from its current federal tax examination as well as further analysis of the computations underlying its prior year deferred tax asset balances. Since the Company reflects a full valuation allowance against its deferred tax assets, there has been no income tax impact from these changes.

At June 30, 2011, the Company had accumulated net operating loss carryforwards of approximately $33.8 million for Federal income tax purposes ($11.8 million, tax effected) that are available to offset future regular taxable income. These net operating loss carryforwards expire between the years 2021 and 2032. Utilization of these net operating losses is limited due to the changes in stock ownership of the Company associated with the October 2007 Exchange Offer; as such, the benefit from these losses may not be realized.

The Company also has accumulated state net operating loss carryforwards of approximately $8.1 million ($0.3 million, tax effected) that are available to offset future state taxable income. These net operating loss carryforwards expire between the years 2019 and 2032. These losses may also be subject to utilization limitations; as such, the benefit from these losses may not be realized.

The Company is currently under examination by the Internal Revenue Service for the fiscal years ended June 30, 2008 through 2010. Loss carryovers are generally subject to modification by tax authorities until 3 years after they have been utilized; as such, the Company is subject to examination for the fiscal years ended 2000 through present for federal purposes and fiscal years ended 2006 through present for state purposes.

The Company has a temporary credit for business loss carryovers that may be utilized to offset its Texas margin tax. The credit amount is $0.2 million ($0.1 million, tax effected). These credits may be used to offset $13,000 of state tax liability each year and expire annually if not utilized.

The Company has $0.7 million of alternative minimum tax credit carryforwards available to offset future regular tax liabilities.

The Company files consolidated returns for federal, California, Florida, and Texas income and franchise taxes.

In assessing the need for a valuation allowance, management considers whether it is more likely than not that some portion or all of the net deferred tax assets will be utilized to offset future tax liabilities. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. As of June 30, 2011, the Company provided a full valuation allowance of approximately $12.1 million against its net deferred tax assets.

Uncertain Tax Positions

The Company's change in uncertain tax benefit reserves during 2011, 2010 and 2009 were as follows (in thousands):

	2011	2010	2009
Balance at July 1	$—	$—	$—
Additions for tax positions of current period	—	—	—
Additions for tax positions of prior years	60	—	—
Decreases for tax positions of prior years	—	—	—
Balance at June 30	**$ 60**	**$—**	**$—**

As of June 30, 2011, total uncertain tax positions related to state income taxes amounted to $60,000. Should the tax positions prove successful, the Company's tax expense would be reduced by $39,000 (net of federal benefit). The uncertain tax position reserve is included in noncurrent liabilities. There has been $13,000 of interest or penalty recorded as of June 30, 2011 and is included in the uncertain tax position liability.

(11) Net Income (Loss) Per Share

Basic net income (loss) per share is computed on the basis of the weighted average number of shares of common stock outstanding during the period. Diluted net income (loss) per share is computed on the basis of the weighted average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method and the if-converted method. Dilutive potential common shares include outstanding stock options, convertible debt, and shared-based awards. Reconciliation and the components of basic and diluted net income (loss) per share are as follows (in thousands, except per share data):

	Year Ended June 30,	
	2011	2010
Numerator:		
Net income (loss) attributable to Astrotech, basic	$ (4,983)	$ 260
Net income (loss) attributable to Astrotech, diluted	$ (4,983)	$ 260
Denominator:		
Denominator for basic net income (loss) per share — weighted average common stock outstanding	17,822	16,567
Dilutive common stock equivalents — common stock options and share-based awards	—	1,716
Denominator for diluted net income (loss) per share weighted average common stock outstanding and dilutive common stock equivalents	17,822	18,283
Basic net income (loss) per share	$ (0.28)	$ 0.02
Diluted net income (loss) per share	$ (0.28)	$ 0.01

The Senior Convertible Subordinated Notes Payable outstanding as of June 30, 2010, which are convertible into 341,000 shares of common stock, respectively, at $15.00 per share, have not been included in the computation of diluted net income per share for the twelve months ended June 30, 2010, as the impact to net income per share is anti-dilutive.

Options to purchase 377,350 shares of common stock at exercise prices ranging from $0.30 to $26.00 per share outstanding for the twelve months ended June 30, 2011, were not included in diluted net income per share, as the impact to net income per share is anti-dilutive. Options to purchase 39,900 shares of common stock at exercise prices ranging from $4.40 to $48.75 per share outstanding for the twelve months ended June 30, 2010, respectively, were not included in diluted net income per share, as the impact to net income per share is anti-dilutive.

(12) Employee Benefit Plans

We have a defined contribution retirement plan, which covers substantially all employees and officers. For the years ended June 30, 2011 and 2010, we have contributed the required match of $0.3 million and $0.3 million, respectively, to the plan. We have the right, but not an obligation, to make additional contributions to the plan in future years at the discretion of the Company's Board of Directors. We have not made any additional contributions for the years ended June 30, 2011 and 2010.

(13) Commitments and Contingencies

In addition to the term loan (see Note 6), the Company is obligated under non-cancelable operating leases for equipment, office space and the land for a payload processing facility. Future minimum payments under the term loan and non-cancelable operating leases are as follows (in thousands):

Year ending June 30,	
2012	$1,204
2013	659
2014	396
2015	5,663
2016	—
2017 and thereafter	—
Total	**$7,922**

Rent expense for each of the years ended June 30, 2011 and 2010 was approximately $0.9 million. For fiscal year 2011, the Company received sublease payments of $0.2 million.

ASO presently leases the 60-acre site located on VAFB in California, where we own four buildings totaling over 50,000 square feet of space. The present land lease expires in July 2013, with provisions to extend the lease at the request of the lessee and the concurrence of the lessor. Upon final expiration of the land lease, all improvements on the property revert, at the lessor's option, to the lessor at no cost.

State of Texas Funding

In March 2010, the Texas Emerging Technology Fund awarded 1st Detect $1.8 million for the development and marketing of the Miniature Chemical Detector, a portable mass spectrometer designed to serve the security, healthcare and industrial markets. (See Note 14). As of June 30, 2011, 1st Detect has received the first of two $0.9 million disbursements. The disbursed amount of $0.9 million represents a contingency through March 2020, the date of cancellation. If an event of default should occur, the principal and accrued interest would be reclassified from equity to notes payable in the consolidated financial statements as amounts due to the State of Texas. Management considers the likelihood of an event of default to be remote. As of June 30, 2011, no default events have occurred.

Employment Contracts

The Company has entered into employment contracts with certain of its key executives. Generally, certain amounts may become payable in the event the Company terminates the executives' employment.

(14) State of Texas Funding

In March 2010, the Texas Emerging Technology Fund awarded 1st Detect $1.8 million for the development and marketing of the Miniature Chemical Detector, a portable mass spectrometer designed to serve the security, healthcare and industrial markets. In exchange for the award, 1st Detect granted a common stock purchase right and a note payable to the State of Texas. As of June 30, 2011, 1st Detect has received the first of two $0.9 million disbursements. The proceeds from the award can only be used to fund development of the Miniature Chemical Detector at 1st Detect, not for repaying existing debt or for use in other Company subsidiaries.

The common stock purchase right is exercisable at the first "Qualifying Financing Event", which is essentially a change in control or third party equity investment in 1st Detect. The number of shares available to the State of Texas, at the price of par value, is calculated as the total disbursements (numerator) divided by the stock price established in the Qualifying Financing Event (denominator). If the first Qualifying Financing Event does not occur within eighteen months of the agreement effective date, the number of shares available for purchase will equal the total disbursements (numerator) divided by $100 (denominator). As of June 30, 2011, no Qualifying Financing Event has occurred.

The note equals the disbursements to 1st Detect to date, accrues interest at 8% per year and cancels automatically at the earlier of (1) selling substantially all of the assets of 1st Detect, (2) selling more than 50% of common stock of 1st Detect or (3) in March 2020. No payments of interest or principal are due on the note unless there is a default, which would occur if 1st Detect moves its operations or headquarters outside of Texas at any time before March 2020. 1st Detect has the option to pay back the principal plus accrued interest by September 30, 2011, but repayment does not cancel the State of Texas' common stock purchase right.

Management considers the likelihood of voluntarily repaying the note or of a default event as remote due to the fact that the covenants that would necessitate repayment are within the control of the Company. As such, the first $0.9 million installment was accounted for as a contribution to equity in the period ended June 30, 2010. As of June 30, 2011, no default events have occurred.

(15) Segment Information

Management's primary financial and operating reviews focus on ASO, the core business unit. All intercompany transactions between business units have been eliminated in consolidation.

Key financial metrics for the year ended June 30, 2011 and 2010 of the Company's segments are as follows (in thousands):

	Year Ended June 30, 2011		Year Ended June 30, 2010	
Revenue and Income (in thousands)	**Revenue**	**Income (loss) before income taxes**	**Revenue**	**Income (loss) before income taxes**
ASO	$19,817	$ 438	$27,979	$ 6,332
Spacetech	332	(6,472)	—	(6,638)
Total	**$20,149**	**$(6,034)**	**$27,979**	**$ (306)**

	Year Ended June 30, 2011		Year Ended June 30, 2010	
Assets (in thousands)	**Fixed Assets, net**	**Total Assets**	**Fixed Assets, net**	**Total Assets**
ASO	$38,033	$55,948	$39,670	$48,670
Spacetech	385	1,672	250	6,233
Total	**$38,418**	**$57,620**	**$39,920**	**$54,903**

(16) Board of Director Resignation

On June 18, 2010, General (Ret.) Lance W. Lord resigned from the Board of Directors of Astrotech and as the Chief Executive Officer of Astrotech Space Operations. The vacancy on the Board of Directors created by General Lord's resignation was fulfilled pursuant to the election of Daniel T. Russler, Jr. at our annual meeting of shareholders on April 20, 2011. The company does not currently have any plans to fill the role of Chief Executive Officer, Astrotech Space Operations.

(17) Related Party Transactions

Director Compensation

In August 2009, the Board of Directors granted 525,000 total restricted shares valued at $0.6 million to directors from the 2008 Stock Incentive Plan. The restricted shares vest 33.33% a year for three years and expire upon termination. Compensation expense of $0.2 million was recorded in the twelve months ended June 30, 2011 for these awards.

Executive Compensation

On January 19, 2010, an independent committee of the Board of Directors of 1st Detect approved a grant of restricted stock and warrants to certain officers, directors and employees of 1st Detect pursuant to restricted stock agreements and stock purchase warrants between 1st Detect and each such individual.

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

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

On January 19, 2010, an independent committee of the Board of Directors of Astrogenetix approved a grant of restricted stock and warrants to certain officers, directors and employees of Astrogenetix pursuant to restricted stock agreements and stock purchase warrants between Astrogenetix and each such individual.

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

The number of shares and warrants underlying each award to a named executive officer is as follows: Thomas B. Pickens III: 500 shares, 1,000 warrants; John Porter: 400 shares, 800 warrants. If all of the shares issued pursuant to the restricted stock agreements vest and all of the stock purchase warrants are exercised, then Thomas B. Pickens III would hold 16%, John Porter would hold 13% and the Company would hold 65% of the outstanding shares of Astrogenetix based on the number of fully-diluted shares as of the date of the grants.

The restricted stock issuances resulted in noncontrolling interest, as described in Note 3.

(18) Subsequent Events

On August 30, 2011, we received a NASDAQ Staff Determination letter indicating that we failed to comply with NASDAQ Marketplace Rule 4310(c)(4), which requires that we maintain a $1.00 bid price, and our securities were, therefore, subject to delisting from The NASDAQ Capital Market.

On September 2, 2011, 1st Detect received the second of two $0.9 million disbursements from the Texas Emerging Technology Fund, awarded to 1st Detect in March 2010, for the development and marketing of the Miniature Chemical Detector, a portable mass spectrometer designed to serve the security, healthcare and industrial markets (see Note 14).

On September 7, 2011, the Company announced that its Astrotech Space Operations subsidiary has been awarded a $4.0 million contract for payload processing services in support of a U.S. government mission.

(19) Recent Accounting Pronouncements

ASU 2011-04, "Fair Value Measurement (Topic 820) — Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs." ASU 2011-04 amends Topic 820, "Fair Value Measurements and Disclosures," to converge the fair value measurement guidance in U.S. generally accepted accounting principles and International Financial Reporting Standards. ASU 2011-04 clarifies the application of existing fair value measurement requirements, changes certain principles in Topic 820 and requires additional fair value disclosures. ASU 2011-04 is effective for annual periods beginning after December 15, 2011, and is not expected to have a significant impact on the Company's financial statements.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None to report for the year ended June 30, 2011.

Item 9A. Controls and Procedures.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we have evaluated the effectiveness of our design and operation of our disclosure controls and procedures as of the end of the period covered by this annual report, and, based on that evaluation, our principal executive officer and principal financial officer have concluded that these controls and procedures are effective. There have been no changes in our internal control over financial reporting that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Disclosure controls and procedures are our controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our principal executive and financial officers, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of June 30, 2011, based on the frame work in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in Internal Control-Integrated Framework, our management concluded that our internal control over financial reporting was effective as of June 30, 2011.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered accounting firm pursuant to §989G of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which exempts the Company from the requirement that it include an attestation report of the Company's registered public accounting firm regarding internal control over our management's assessment of internal controls over financial reporting.

Item 9B. Other Information.

None to report for the period ended June 30, 2011.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

A Board of six directors was elected at the 2010 Annual Meeting. The Company's Articles of Incorporation authorize the Board of Directors ("Board") to determine the number of its members. A director who is appointed by the existing Board of Directors, due to a vacant position or the need for an additional director, will serve until the next Annual Meeting of Shareholders or until a successor is duly elected and qualified.

The following table shows information as of June 30, 2011, regarding members of the Company's Board of Directors:

Current Directors	Principal Occupation	Age as of June 30, 2011	Director Since
Thomas B. Pickens III	Chairman and Chief Executive Officer of Astrotech Corporation	54	2004
Mark Adams*	Founder, President and CEO, Advocate MD Financial Group, Inc.	49	2007
John A. Oliva*	Managing Principal, Capital City Advisors, Inc.	55	2008
William F. Readdy*	Founder, Discovery Partners, International LLC	59	2008
Sha-Chelle Devlin Manning*	Managing Director, Nanoholdings LLC	43	2010
Daniel T. Russler, Jr.*	Family Asset Management, LLC	47	2011

* Indicates an "independent director"

Current Directors

Thomas B. Pickens III

Mr. Pickens was named Astrotech's Chief Executive Officer in January 2007 and Chairman in February 2008. In 1985, Mr. Pickens founded T.B. Pickens & Co., a company that provides consulting services to corporations, public institutions, and start-up organizations. Additionally, Mr. Pickens is the Managing Partner and Founder of Tactic Advisors, Inc., a company specializing in corporate turnarounds on behalf of creditors and investors that have aggregated to over $20 billion in value. Since 1985, Mr. Pickens has served as President of T.B. Pickens & Co. From 1991 to 2002, Mr. Pickens was the Founder and Chairman of U.S. Utilities, Inc., a company which operated 114 water and sewer utilities on behalf of various companies affiliated with Mr. Pickens. From 1995 to 1999, Mr. Pickens directed over 20 direct investments in various venture capital investments and was Founder and Chairman of the Code Corporation. From 1988 to 1993, Mr. Pickens was the Chairman of Catalyst Energy Corporation and was Chairman of United Thermal Corporation (NYSE). Mr. Pickens was also the President of Golden Bear Corporation, Slate Creek Corporation, Eury Dam Corporation, Century Power Corporation, and Vidilia Hydroelectric Corporation. From 1982 to 1988, Mr. Pickens founded Beta Computer Systems, Inc., and Sumpter Partners, and was the General Partner of Grace Pickens Acquisition L.P.

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

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

Mark Adams

Mr. Adams founded Advocate, MD Financial Group, Inc., a leading Texas-based medical liability insurance holding company, in July 2003. Since July 2003, Mr. Adams has served as its Chairman, President, and Chief Executive Officer. He is also a founding partner in several other companies including the Endowment Development Group, a Houston-based life insurance company specializing in placing large multimillion dollar life insurance policies throughout the U.S. market. Mr. Adams founded Murphy Adams Restaurant Group in 2007 which owns and operates Mama Fu's Asian House restaurants throughout the southeast United States. In 2008, Mr. Adams founded Small Business United, LLC, a non-profit organization that supports small businesses. Also in 2008, Mr. Adams co-founded ETMG (Employer's Trust Management Group), LLC. Additionally in 2008, Mr. Adams founded Sozo Global, LLC, a rapidly expanding, international network marketing functional beverage and nutritional products company. Mr. Adams is the winner of the 2008 Prestigious Ernst and Young Entrepreneur of the Year Award for Central Texas. After his career with global public companies such as Xerox and Johnson & Johnson (1985-1988), beginning in 1988, Mr. Adams then spent the next 12 years at Bostik Adhesives where he served in senior management, sales and strategic business management roles for their worldwide markets in North America, Latin America, Asia, and Europe. In 1997, Mr. Adams then served as Global Sales Director for Bostik and General Manager of Bostik's J.V. Company Nitta-Findley based in Osaka, Japan and later purchased a minority interest in Ward Adhesives, Inc. and served as General Manager, and Vice President of Sales and Marketing. Mr. Adams is also an advisory board member for the McCoy College of Business at Texas State University. Additionally, Mr. Adams has served as a director of Murphy Adams Restaurant Group, LLC, Ex-Pel, Inc., KLD Energy Technologies, Inc., Powerstations, LLC and Sundance, LLC. He has also served as chief executive officer of ETMG (Employers Test Management Group), LLC, Sozo Global, LLC, Viva Chocolate, LLC.

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

John A. Oliva

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

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

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

William F. Readdy

From 1974 to 2005, Mr. Readdy served the United States as a naval aviator, pilot astronaut, military officer, and civil service executive. Retiring from the National Aeronautics and Space Administration ("NASA") in September 2005, Mr. Readdy established Discovery Partners International LLC, a consulting firm providing strategic thinking and planning, risk management, safety and emerging technology solutions and decision support to aerospace and high-technology industries. Since its formation, Mr. Readdy has served as Managing Partner.

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

In the late 1970s and early 1980s he served as a naval test pilot. Mr. Readdy joined NASA in 1986 and in 1987 became a member of the astronaut corps, but continued his military service in the Naval Reserve, attaining the rank of captain in 2000. Mr. Readdy logged more than 672 hours in space on three shuttle missions. In 1996 he commanded the space shuttle "Atlantis" on a docking mission to the Russian "Mir" space station.

In 2001, Mr. Readdy was appointed NASA's Associate Administrator for Space Operations responsible for NASA's major programs, several field centers and an annual budget approaching $7 billion. Following the loss of space shuttle "Columbia" in February 2003, Mr. Readdy chaired NASA's Space Flight Leadership Council, and oversaw the agency's recovery from the accident and the shuttle's successful return to flight in July 2005. Mr. Readdy was honored as a Presidential Meritorious Rank Executive in 2003 and in 2005 was awarded NASA's highest honor, the Distinguished Service Medal for the second time. In addition to the Distinguished Flying Cross he is the recipient of numerous national and international aviation and space awards, and has been recognized for his contributions to aerospace safety.

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

Sha-Chelle Manning

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

From September 1, 2008 to April 30, 2010, Sha-Chelle Manning has been Managing Director for Nanoholdings LLC, a company that commercializes scientific breakthroughs in nanotechnology. From January 2007 to December 31, 2008, Ms. Manning was Vice President at Authentix, a Carlyle company that is the leader in authentication solutions for Fortune 500 companies and governments around the world for brand protection, excise tax recovery, and authentication of security documents and pharmaceutical drugs. From September 2005 to April 2007, Ms. Manning was a consultant to the Office of the Governor of Texas, Rick Perry, where she led the development of the Texas nanotechnology strategic plan.

Prior to these assignments, Ms. Manning was Director of Alliances at Zyvex Corporation from August 2002 to September 2005, where she was responsible for the commercialization of nanotechnology products introduced and sold into the marketplace in partnership with key government agencies and industry. Ms. Manning also served as Vice President for Winstar Communications New Media.

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

Daniel T. Russler, Jr.

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

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

Mr. Russler is the newest addition to the Board of Directors and has extensive knowledge of finance, entrepreneurship, investment allocation and capital raising matters that the Board of Directors feels will add value to the shareholders. Mr. Russler's qualifications and background were deemed to meet the Company's requirements of an independent director by the Board of Directors in February 2011. Mr. Russler serves as the Chairman of the Compensation Committee and serves as a member of the Audit Committee.

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

Set forth below is a summary of the background and business experience of the executive officers of the Company who are not nominees of the Board of Directors:

Name	Position(s)	Age as of June 30, 2011
John M. Porter	Senior Vice President, Chief Financial Officer, Treasurer and Secretary	39
Don M. White Jr.	Senior Vice President, GM of Astrotech Space Operations	48

The executive officers and key employees named below will serve in such capacities until the next annual meeting of the Company's Board of Directors, or until their respective successors have been duly elected and have been qualified, or until their earlier death, resignation, disqualification, or removal from office.

John M. Porter

Mr. Porter joined Astrotech in October 2008 and serves as the Company's Senior Vice President, Chief Financial Officer, Treasurer and Secretary. He is responsible for overall strategic planning, corporate development and finance. His primary areas of focus is utilizing financial management to support the core spacecraft payload processing business while efficiently advancing the Company's biotechnology initiatives in microgravity processing and commercializing advanced technologies that have been developed in and around the space industry.

Prior to joining the Company, Mr. Porter co-founded Arabella Securities, an investment banking firm that specialized in providing trading services and equity research on small-cap companies to institutional investors. He headed the Equity Research department, and published research on small companies in the Healthcare Technology sector. Arabella Securities subsequently merged with another broker/dealer in 2006 where Mr. Porter continued to lead the firm's Healthcare investment banking practice. Mr. Porter previously served as Director of Business Development for Luminex Corporation (NASDAQ: LMNX), a leading developer of biological testing technologies for the Diagnostic and life sciences industries. While at Luminex, Mr. Porter was responsible for the development, negotiation and management of Luminex's strategic partnership program. During his tenure at Luminex, over 40 new strategic licensing partnerships were formed with companies around the globe including Hitachi Software (Japan), Qiagen (Germany), Tepnel (UK), Invitrogen (formerly Biosource, US), Inverness Medical (US), Millipore Corporation (formerly Upstate Biotech, US), and many other world class companies. Mr. Porter performed additional duties including strategic planning, product development, marketing management, and investor relations. Mr. Porter also served in multiple capacities during the preparation, and execution of Luminex's initial public offering (IPO) in March 2000, where the company successfully raised approximately $100M.

Mr. Porter has a Bachelor of Science in Chemistry from Hampden-Sydney College in Virginia. In addition, Mr. Porter earned a Master of Business Administration from the A.B. Freeman School of Business at Tulane University and holds a Master of Science in Physical Chemistry & Material Science from Tulane University in New Orleans.

Don M. White Jr.

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

Prior to joining the Astrotech team, Mr. White's 21 years of Aerospace experience included employment at Lockheed Martin as their Payloads/Ordnance Chief Engineer. He was then promoted to Mission Support Manager, leading various aspects of the Atlas V Development Program. Mr. White's extensive aerospace experience also includes providing leadership to the Titan and Shuttle External Tank programs while at Martin Marietta Corporation.

Mr. White has a Master of Business Administration from the Florida Institute of Technology and a Bachelor of Science in Industrial technology from the University of West Florida.

Operations of the Board of Directors

Board Member Attendance at Annual Meeting of Stockholders

The Company strongly encourages each member of the Board of Directors to attend each annual meeting of stockholders. Accordingly, we expect most, if not all, of the Company's directors to be in attendance at the meeting. All of our directors attended the 2010 annual meeting of stockholders.

Meetings and Committees of the Board of Directors

The Board of Directors and its committees meet periodically during the year as deemed appropriate. During 2011, the Board of Directors met eight times. No director attended fewer than 75% of all the 2011 meetings of the Board of Directors and its committees on which each such director served.

Director Nomination Process

Astrotech's Director nominees are approved by the Board after considering the recommendation of the Corporate Governance and Nominating Committee.

A Board of five Directors is expected to be elected at the Annual Meeting. The Company's Articles of Incorporation provide that, with respect to any vacancies or newly created directorships, the Board will nominate such individuals as may be specified by a majority vote of the then sitting directors.

Regarding nominations for directors, the Corporate Governance and Nominating Committee identifies nominees in various ways. The Corporate Governance and Nominating Committee considers the current directors that have expressed interest in, and that continue to satisfy, the criteria for serving on the Board. Other nominees may be proposed by current directors, members of management, or by shareholders. The Corporate Governance and Nominating Committee may engage a professional firm to identify and evaluate potential director nominees, but has not paid any of such fees to date. The Corporate Governance and Nominating Committee considers the Board at a strategic level looking for industry and professional experience that complements the Company's goals and direction. The Corporate Governance and Nominating Committee has established certain criteria it considers as nominating guidelines for the Board of Directors. The criteria include:

- the candidate's independence;
- the candidate's depth of business experience;
- the candidate's availability to serve;
- the candidate's integrity and personal and professional ethics;
- the balance of the business experience on the Board as a whole; and
- the need for specific expertise on the Board.

The criteria are not exhaustive and the Corporate Governance and Nominating Committee and the Board of Directors 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. The Corporate Governance and Nominating Committee's goal is to assemble a Board of Directors that brings to the Company a variety of perspectives and skills derived from high quality business and professional experience. In order to ensure that the Board 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 is a financial expert and a majority of the Board members meet all applicable independence requirements, the Corporate Governance and Nominating Committee does not have any specific skills that it believes are necessary for any individual director to possess. Instead, the Corporate Governance and Nominating Committee evaluates potential nominees based on the contribution such nominee's background and skills could have upon the overall functioning of the Board.

Committees of the Board of Directors

During fiscal year 2011, 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 Committee, Compensation Committee and Corporate Governance and Nominating Committees is required, at the minimum, to meet the "independence" requirements of the Nasdaq Capital Market's Marketplace Rules. The Governance and Nominating Committee, the Audit Committee and the Compensation Committee have adopted a charter that governs its authority, responsibilities and operation. The Company periodically reviews, both internally and with the Board, the provisions of the Sarbanes-Oxley Act of 2002, and the rules of the SEC and NASDAQ regarding corporate governance policies, processes and listing standards. In conformity with the requirement of such rules and listing standards, we have adopted a written Audit Committee Charter, a Compensation Committee Charter, and a Corporate Governance and Nominating Committee Charter, which may be found on the Company's web site at www.astrotechcorp.com under "For Investors" or by writing to Astrotech Corporation, 401 Congress Avenue, Suite 1650, Austin, Texas 78701, Attention "Investor Relations" and requesting copies.

The Board of Directors has determined each of the following directors to be an "independent director" as such term is defined by Rule 5605(a)(2) of the NASDAQ Marketplace Rules: Mark Adams; John A. Oliva; Sha-Chelle Manning, William F. Readdy and Daniel T. Russler, Jr.

The Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee was created by the Board of Directors in February 2004. The Corporate Governance and Nominating Committee's charter was adopted by the Committee and approved by the Board in May 2004. The charter is available in the "For Investors" section of the Company's web site at www.astrotechcorp.com. The primary purpose of the Corporate Governance and Nominating Committee is to provide oversight on the broad range of issues surrounding the composition and operation of the Board of Directors, including identifying individuals qualified to become Board members and recommending to the Board director nominees for the next Annual Meeting of Shareholders. As of the end of fiscal year 2011 the Corporate Governance and Nominating Committee consisted of Mr. Adams (Chairman), Ms. Manning and Mr. Oliva. During fiscal year 2011, the Corporate Governance and Nominating Committee met twice.

The Audit Committee

The Audit Committee is composed solely of independent directors that meet the requirements of NASDAQ and SEC rules and operates under a written charter adopted by the Audit Committee and approved by the Board of Directors in May 2004. The charter is available on the Company's web site which is www.astrotechcorp.com. The Audit Committee is responsible for appointing and compensating a firm of independent registered public accountants to audit the Company's financial statements, as well as oversight of the performance and review of the scope of the audit performed by the Company's independent registered public accountants. The Audit Committee also reviews audit plans and procedures, changes in accounting policies, and the use of the independent registered public accountants for non-audit services. As of the end of fiscal year 2011, the Audit Committee consisted of Mr. Oliva (Chairman), Mr. Russler and Ms. Manning. During fiscal year 2011, the Audit Committee met six times. The Board of Directors has determined that John A. Oliva met the qualification guidelines as an "audit committee financial expert" as such term is defined in Item 407(d)(5)(ii) of Regulation S-K promulgated by the SEC.

Mr. Russler was appointed to the Audit Committee in April 2011.

The Compensation Committee

The Compensation Committee is composed solely of independent directors that meet the requirements of NASDAQ and SEC rules and operates under a written charter adopted by the Compensation Committee and approved by the Board of Directors in May 2004, and amended in May 2005. The charter is available on the

Company's web site at www.astrotechcorp.com. The Compensation Committee is responsible for determining the compensation and benefits of all executive officers of the Company and establishing general policies relating to compensation and benefits of employees of the Company. The Compensation Committee also administers the Company's 2008 Stock Incentive Plan, the 1994 Stock Incentive Plan, the 1995 Directors' Stock Option Plan, and the Employee Stock Purchase Plan in accordance with the terms and conditions set forth in those plans. As of the end of fiscal year 2011, the Compensation Committee consisted of Mr. Russler (Chairman), Mr. Readdy, and Mr. Oliva. During fiscal year 2011, the Compensation Committee met four times.

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 web site at www.astrotechcorp.com and is available to the Company's Shareholders upon request. The Code of Ethics and Business Conduct meets the requirements for a "Code of Conduct" under the SEC rules for financial officers.

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, executive officers and 10% Shareholders and on copies of the reports that they have filed with the SEC, it is the Company's belief that all of Astrotech's directors, executive officers and 10% Shareholders complied with all filing requirements applicable to them with respect to transactions in the Company's equity securities during fiscal year

Item 11. Executive Compensation

Compensation Discussion and Analysis

Overview

As the leading commercial provider of payload processing services, ASO strives to provide our customers with the most advanced facilities and customer support that are unparalleled in the industry. With that mission in mind, ASO is continuously working to secure additional government and commercial customers that require our unique capabilities. Additionally, ASO works to further grow the business with our service offering designing, building, and operating spacecraft processing equipment and facilities.

Achieving our Company's aspirations requires a highly skilled, motivated team. Thus, our compensation system is designed to be competitive with those of other companies that compete for highly skilled technical employees and executives. Our performance-based compensation system is intended to include incentives for innovation and entrepreneurial spirit.

Guiding Principles

The Compensation Committee strives to achieve our strategic objectives by designing our compensation program to offer competitive base compensation to attract and retain experienced qualified executives while offering incentives to foster the innovation and entrepreneurial spirit necessary for executing our business strategy and rewards for successful achievement of performance goals. In designing our executive compensation program, we are guided by five principles:

- Establish target compensation levels that are competitive within the industries and the markets in which we compete for executive talent;
- Structure executive compensation so that our executives share in Astrotech's successes and failures by correlating compensation with target levels based upon business performance;
- Link pay to performance by making a percentage of total executive compensation variable, or "at risk", through an annual determination of performance-based incentive compensation;
- Align a portion of executive pay with shareholder interests through equity awards; and
- Maintain a company-wide entrepreneurial atmosphere by minimizing special "executive only" benefits or prerequisites.

Operation of the Compensation Committee

The Compensation Committee of the Board of Directors administers our executive compensation program and monitors the Company's overall compensation strategy to ensure that executive compensation supports the Company's business objectives. The Compensation Committee reviews and determines salary, short-term incentives, long-term incentives and other benefits for the Company's Chief Executive Officer ("CEO") and certain named executive officers ("NEOs").

For a more complete discussion of the responsibilities of the Compensation Committee, see the Operations of the Board of Directors — The Compensation Committee, and the charter for the Compensation Committee, posted on our web site at www.astrotechcorp.com.

The Compensation Program

The key components of our current compensation program for Astrotech executive officers are:

- Base salary;
- Short-term cash incentives;
- Long-term performance-based and other equity awards; and
- Other benefits.

To remain competitive, the Compensation Committee periodically benchmarks our executive compensation program to determine how actual compensation targets and levels compare to our overall philosophy and target markets. The primary purpose of the benchmarking process is to provide the Compensation Committee with data from a peer group of companies to use as a guide in determining Astrotech performance compensation. The peer group is comprised of a mix of public companies who are as follows:

- Geographically similar to the location of our Austin headquarters;
- In the aerospace, defense and government contractor industries; and
- Are of approximate size and complexity.

The list of companies used as the basis for benchmarking for the year ended June 30, 2011 is as follows:

- Integral Systems
- Herley Industries
- Ceradyne Inc.

- Sypris Solutions
- Orbital Science Corporation
- Valence Technology
- Active Power
- Convio
- SolarWinds
- Luminex
- KVH Industries

This benchmarking considers information from proxy data for the peer group's CEO and NEOs and was last presented to the Compensation Committee in July 2011. The Compensation Committee determined that the companies included in the peer group were reasonably similar to Astrotech. The Compensation Committee used the benchmark information as external market-based data points when determining the compensation levels for each of the NEOs. During the course of setting the NEO incentive compensation for 2011 and the salary for 2012, the Compensation Committee considered factors such as company and individual performance, in addition to, and along with, the benchmark information.

Other Considerations in Determining Executive Compensation

We believe that our executive compensation properly incentivizes our senior management to focus on the overall goals of the Company. Each element of our Executive Compensation Program is structured towards specific objectives. If a unique situation occurs where incentive goal adjustment or stock option repricing are considered, the Compensation Committee will perform a review of the individual facts and circumstances before taking any action.

Role of the Compensation Committee and CEO in Determining Executive Compensation

Mr. Pickens is not a member of the Compensation Committee. He did not attend the Compensation Committee meetings in August 2010 or July 2011, which discussed NEO and all other employee compensation.

Base Salary

Base salary is designed to compensate our employees in part for their roles and responsibilities, and also to provide a fixed level of compensation that serves as a retention tool throughout the executive's career. Initial base salaries were set considering each executive's roles and responsibilities, current skills, future potential and comparable market compensation. Typically, the Compensation Committee reviews the base salaries of each NEO annually. Adjustments are made based on individual performance, changes in roles and responsibilities, and external market data for similar positions.

Short-term Cash Incentives

At the discretion of the Compensation Committee, we provide annual incentive awards designed to reward the achievement of financial results measured over the fiscal year in which that compensation is earned. Generally, we compute the short-term cash incentives after the end of each fiscal year and make the cash awards during the first quarter of the next fiscal year. All employees of the Company are eligible, based upon maximum award levels stated as a percentage of base salary ("Payout Percentage"). The maximum award levels are set within our salary-grade structure for each salary grade ranging from 5% to 50%.

For fiscal year 2011, the Compensation Committee approved short-term cash incentives encompassing three equally weighted "Bonus Elements," each based upon specific objectives set by the Compensation Committee at the beginning of the fiscal year. The sum of the Payout Percentage for each of the Bonus Elements, then is applied to the award levels for each employee to determine the Bonus Award. For fiscal year 2011, the Compensation Committee had established the following three Bonus Elements:

- Individual Performance — A Payout Percentage of up to 33% of the individual's total bonus is based upon the officer or employee's performance of his job responsibilities and achievement of individual goals as determined through the annual performance review process.
- Business Unit Performance — A Payout Percentage of up to 33% of the individual's total bonus is to be awarded based upon the financial performance of the officer or employee's business unit based upon net income, relative to the approved budget for the fiscal year.
- Corporate Performance — A Payout Percentage of up to 33% of the individual's total bonus is to be awarded based upon the financial performance of the Company, as measured by comparing the approved budget of revenue, net income and backlog to actual results for the fiscal year.

Given the dynamic marketplace and the possibility of unforeseen developments, the Compensation Committee has discretionary authority to adjust such awards to reflect actual performance in light of such developments or to make other discretionary adjustments to the overall Payout Percentage or to individual employee bonuses. Bonus maximum award levels range from 30% to 50% of base salaries for our NEOs. On average, we target our short term cash incentives to comprise approximately 15% of the total compensation package of our NEOs.

During the review of the fiscal year ended June 30, 2011, the Compensation Committee held multiple meetings to discuss NEO performance versus a set of financial and non-financial performance targets, some of which extend beyond the current year, including:

- The Company meeting or exceeding the 2011 budget for revenue
- The Company meeting or exceeding the 2011 budget for net income
- Optimizing the Company's capital structure
- Reducing controllable costs in order to allow reinvestment in potential growth initiatives
- Continuing business development for ASO
- Advancing the Spacetech initiatives
- Other activities designed to progress the overall value of the Company

In determining 2011 incentive compensation, the Compensation Committee reviewed each goal individually and discussed how the goals impacted the Company. While the Company appreciates the ease compensation plans which use simplistic goals based primarily on a financial performance measure, such as net income or adjusted income, the Compensation Committee believes that it is important for the Company to have additional goals which are designed to increase shareholder value in the current year and over a longer time horizon. As such, there is not a specific formula for the non-financial goals or a set of performance targets that must be achieved in order for NEOs to earn their incentive compensation, nor are the non-financial goals all equally weighted in the view of the Compensation Committee. Additionally, the bonus philosophy requires the Compensation Committee to review individual performance when determining annual incentive pay.

Following a thorough review and discussion, the fiscal year 2011 actual cash incentive award was determined by the Compensation Committee for each NEO. The percentage of target paid reflects the overall decision by the Compensation Committee on the combination of factors described above, including, but not limited to, the performance against the fiscal year 2011 budget, the non-financial quantitative goals that each NEO worked to complete, and the individual performance of the NEO. The Compensation Committee decision culminated in the following awards for fiscal year 2011: Mr. Pickens' cash incentive of $90,077 represented 75% of his target, Mr. Porter's cash inventive of $50,000 represented 61% of his target and Mr. White's cash incentive of $63,250 represented 94% of his target.

Long-term Non-cash Incentive Awards

Our long-term incentive awards are used to link Company performance and increases in shareholder value to the total compensation of our NEOs. These awards are also key components of our ability to attract and retain our NEOs. The annualized value of the awards to our NEOs is intended to be a significant component of the overall compensation package. On average, and assuming performance is on target, these awards are targeted to represent up to 40% of the total compensation package, consistent with our emphasis on linking executive pay to shareholder value.

Our shareholder-approved incentive plans allow for the granting of stock options based upon Astrotech's stock prices in the public markets. Stock options are granted with an exercise price not less than the market price of our common stock on the grant date. Options generally vest over a period of four years with 25% becoming exercisable on each anniversary of the grant date as long as the recipient is still employed by the Company on the date of vesting, and generally expire after ten years.

Stock awards, restricted stock grants and stock option awards were made to our NEOs in August 2010 and November 2010, in the amounts set forth in the table labeled Fiscal Year 2011 Grants of Plan-Based Awards.

Benefits

Our benefit programs are established based upon an assessment of competitive market factors and a determination of what is needed to attract and retain high caliber executives and other employees. Astrotech's primary benefits for executives include participation in the Company's broad-based plans: the 401(k) Plan, the Company's health, dental and vision plans and term life and disability insurance plans. The Company also provides certain executives, including some NEOs, with supplemental disability insurance. This plan offers additional income protection to Senior Vice Presidents and above and is provided to supplement the monthly benefit amounts that are capped in the general disability policy. The Company provides 1.5 times of each NEOs annual base salary to a maximum of $300,000 in term life insurance and pays the premium for such insurance. The fair value of premiums paid in excess of IRS limitations are included as other income reported for the NEO.

Indemnification Agreements

The Company has entered into indemnification agreements with each of its NEOs. The agreements provide that the Company shall indemnify and hold harmless each indemnitee from liabilities incurred as a result of such indemnitee's status as an officer or employee of the Company, subject to certain limitations.

Post-Termination Compensation

The Compensation Committee believes that severance benefits and change of control benefits are necessary in order to attract and retain the caliber and quality of executive that the Company needs in its most senior positions. These benefits are particularly important to provide for continuity of senior management allowing executives to focus on results and long-term strategic initiatives.

As of June 30, 2011, Mr. Pickens and Mr. White were the executives with existing employment contracts. In July 2010, Mr. Royston was terminated from Astrotech. The agreements provide for severance payments and benefits if termination occurs without "cause" or if the executive leaves for "good reason." There is also additional compensation provided in circumstances following such termination after a "change in control." Additional information regarding the severance and change in control payments, including a definition of key terms and a quantification of benefits that would have been received by our NEOs at termination is found under Potential Payments upon Termination or Change in Control, which follows.

Stock Ownership Guidelines

The Company has not established stock ownership guidelines.

Tax Deductibility Policy

The Compensation Committee considers the deductibility of compensation for federal income tax purposes in the design of the Company's compensation programs. We believe that all of the incentive compensation paid to our NEOs for fiscal year 2011 qualifies as "performance-based compensation" and thus, is fully deductible by the Company for federal income tax purposes. While we generally seek to ensure the deductibility of the incentive compensation paid to our NEOs, the Compensation Committee intends to retain the flexibility necessary to provide cash and equity compensation in line with competitive practice, our compensation philosophy, and the best interest of our Shareholders even if these amounts are not fully tax deductible. The employment agreements between the Company and its NEOs provide for interpretation, operation and administration consistent with the intent of Section 409A of the Internal Revenue Code, to the extent applicable.

Compensation Committee Interlocks and Insider Participation

The Company's Compensation Committee consists of Mr. Russler (Chairman), Mr. Readdy and Mr. Oliva.

Compensation Committee Report

Astrotech's Compensation Committee reviewed and discussed with management the Compensation Discussion and Analysis required by item 402(b) of Regulation S-K and, based on such review and discussion, has recommended to the Board of Directors that such Compensation Discussion and Analysis be included in Form 10-K for fiscal year ended June 30, 2011.

Daniel T. Russler, Jr.
John A. Oliva
William F. Readdy

September 15, 2011

Executive Compensation

The Summary Compensation Table provides compensation information about Astrotech's principal executive officer, principal financial officer and the other most highly compensated executive officers.

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)[1]	Stock Awards ($)[2]	Spacetech Incentive Awards ($)[3]	All Other Compensation ($)[4]	Total ($)
Thomas B. Pickens III;	2011	399,000	90,077	71,258	17,140	18,798	596,273
Chief Executive Officer	2010	380,000	57,000	—	258,288	24,091	719,379
John M. Porter;	2011	275,000	50,000	57,006	12,855	10,994	405,855
Chief Financial Officer	2010	250,000	37,500	—	166,915	11,900	466,315
Don M. White[5];	2011	225,000	70,750	19,952	—	11,664	327,366
Sr. VP, GM of Astrotech Space Operations	2010	200,470	91,000	—	—	10,703	302,173
James D. Royston[6];	2011	191,543	18,000	—	—	1,341	210,884
Former President	2010	210,000	150,000	185,000	50,100	8,958	604,058
Lance W. Lord[7];	2011	—	—	—	—	—	—
Former Chief Executive Officer, Astrotech Space Operations	2010	240,000	75,000	370,000	—	24,072	709,072

(1) See narrative on *Short-term Cash Incentives*: Bonus was awarded in September 2011, for performance in fiscal year 2011.

(2) See narrative on *Long-term Incentive Non-cash Awards*: Includes options granted on September 13, 2011, Mr. Pickens received 112,500 options, Mr. Porter received 90,000 options and Mr. White received 31,500 options in Astrotech, these options vest upon a stock closing price of $1.50 and have a strike price of $0.71. Includes restricted stock granted on November 13, 2009, Mr. Royston received 100,000 shares of restricted stock and Mr. Lord received 200,000 shares of restricted stock. For a discussion of the assumptions we made in valuing the stock, see Note 2 ("Summary of Significant Accounting Policies: Share-Based Compensation") and Note 9 ("Common Stock Incentive, Stock Purchase Plans and Other Compensation Plans").

(3) Consists of grants of restricted stock and warrants for Astrogenetix and 1st Detect. On January 19, 2010, Mr. Pickens received 500 shares of restricted stock and 1,000 warrants in Astrogenetix, Mr. Porter received 400 shares of restricted stock and 800 warrants in Astrogenetix and Mr. Royston received 300 shares of restricted stock in Astrogenetix. The 300 shares of restricted stock granted to Mr. Royston were unvested at his termination on July 13, 2010 and therefore cancelled. On January 19, 2010, Mr. Pickens received 300 shares of restricted stock and 680 warrants in 1st Detect and Mr. Porter received 200 shares of restricted stock and 180 warrants in 1st Detect. Includes options granted on September 13, 2011. Mr. Pickens received 200 options and Mr. Porter received 150 options in 1st Detect. For a discussion of the assumptions we made in valuing the stock, see Note 2 ("Summary of Significant Accounting Policies: Share-Based Compensation") and Note 9 ("Common Stock Incentive, Stock Purchase Plans and Other Compensation Plans").

(4) See *Schedule of All Other Compensation* that follows for further detail.

(5) In addition to his fiscal year 2011 performance bonus of $63,250, Mr. White was awarded a bonus of $7,500 in February 2011 as a result of his participation in the Company's long term cash incentive plan.

(6) Mr. Royston was terminated on July 13, 2010. The total compensation of $210,884 consists primarily of payments made in accordance with Mr. Roystons Separation Agreement (incorporated by reference to Exhibit 10.63 of the Registrant's Annual Report on 10-K filed with the Securities and Exchange Commission on August 30, 2011).

(7) Mr. Lord was appointed Chief Executive Officer of Astrotech Space Operations in June 2008. Mr. Lord resigned from Astrotech Corporation in June 2010.

Schedule of All Other Compensation for Fiscal Year 2011

Named Executive Officer	401(K) Plan Company Matching Contributions ($)	Supplemental Disability Insurance Premium ($)	Other Benefits ($)	Total ($)
Thomas B. Pickens III(1)	4,558	1,599	12,641	18,798
John M. Porter	9,899	1,095	—	10,994
Don M. White Jr.	10,736	928	—	11,664
James D. Royston(2)	1,211	130	—	1,341

(1) Mr. Pickens employment contract includes a car allowance of $1,000 per month. Astrotech paid $641 for a healthclub membership for Mr. Pickens during fiscal 2011.
(2) Mr. Royston was terminated on July 13, 2010.

Fiscal Year 2011 Grants of Plan-Based Awards

The following table shows additional information regarding: (i) the target and presumed maximum level of annual cash incentive awards for the Company's executive officers for performance during fiscal year 2011, as established by the Compensation Committee; and (ii) Spacetech equity awards granted in September 2011 that were awarded to help retain the NEOs and focus their attention on building shareholder value. The actual amount of the annual cash incentive award received by each NEO for performance during fiscal year 2011 is shown in the Fiscal Year 2011 Summary Compensation Table.

	Estimated Future Payouts Under Non-Equity Incentive Plan Awards		All Other Option Awards:			
Name	Target ($)(1)	Maximum ($)(1)	Number of Securities Underlying Options	Spacetech Options (#)	Grant Date Fair Value of Equity ($)	Grant Date Of Equity Awards
Thomas B. Pickens III	119,700	199,500	112,500	200	88,398	September 13, 2011
John M. Porter	82,500	137,500	90,000	150	69,861	September 13, 2011
Don M. White Jr.	67,500	112,500	31,500	—	19,952	September 13, 2011

(1) Estimated bonus for Mr. Pickens, Mr. Porter, and Mr. White are computed at a maximum of 50% of base salary. Estimated target bonus percentage is 30% of base salary.

The fiscal year 2011 actual cash incentive award was determined by the Compensation Committee for each NEO. Mr. Pickens' bonus of $90,077 represented 75% of his target bonus and 23% of his salary. Mr. Porter's bonus of $50,000 represented 61% of his target bonus and 18% of his salary. Mr. White's bonus of $63,250 represented 94% of his target bonus and 28% of his salary. The bonuses were based on performance for the fiscal year 2011 (further detail is provided in the Short-Term Cash Incentives discussion).

Employment Agreements

During fiscal year 2011, the Company had employments agreements in place with Mr. Pickens, Mr. White and Mr. Royston. Each employment agreement sets forth, among other things, the NEO's minimum base salary, bonus opportunities and provisions with respect to certain payments and other benefits upon termination of employment under certain circumstances such as without "Cause," leaving employment for "Good Reason" or a "Change in Control." Please see Potential Payments Upon Termination or Change in Control for a description of such provisions. Mr. Royston was terminated in July 2010.

The minimum base salary set in the employment agreement for Mr. Pickens is $360,000, for Mr. White is $184,765 and for Mr. Royston is $210,000. Mr. Royston was paid his salary pro rata through the date of his termination on July 13, 2010.

The NEOs are eligible for short-term cash incentives, as are all employees of the Company. All NEO's maximum bonus is 50%, subject to Compensation Committee discretion.

Awards

On January 19, 2010, an independent committee of the Board of Directors of 1st Detect, a subsidiary of the Company, approved a grant of 1,180 restricted stock shares and 1,820 stock purchase warrants to certain officers, directors and employees of 1st Detect. Additionally, on the same day, an independent committee of the Board of Directors of Astrogenetix, a subsidiary of the Company, approved a grant of 1,550 restricted stock shares and 2,050 stock purchase warrants to certain officers, directors and employees of Astrogenetix.

The Compensation Committee also awarded bonuses to directors, NEOs, and employees in September 2011, in recognition of the employee performance during fiscal year 2011.

Salary and Bonus in Proportion to Total 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 which align the interests of management with that of the shareholders. In 2011, the total compensation of our NEOs was consistent with this philosophy. 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.

Outstanding Equity Awards at Fiscal Year 2011 End

The following table shows certain information about unexercised options as of June 30, 2011.

Schedule of Outstanding Equity Awards

	Restricted Stock, Option Awards & Warrants							
Name	Number of Securities Underlying Unexercised Options (#) Exercisable (1)	Number of Securities Underlying Unexercised Options (#) Unexercisable (2) (5)	Option Exercise Price ($)	Number of Securities Underlying Unexercised Warrants (#) Exercisable (3) (Spacetech)	Number of Securities Underlying Unexercised Warrants/Options (#) Unexercisable (4) (Spacetech)	Unvested Restricted Stock	Unvested Restricted Stock (Spacetech)	Expiration Date
Thomas B. Pickens III	1,000	—	20.80	—	—	—	—	12/01/2011
	500	—	7.70	—	—	—	—	12/01/2012
	500	—	7.20	—	—	—	—	12/12/2013
	—	112,500	0.71	—	—	—	—	09/13/2021
	—	—	—	840	840	—	—	01/19/2017
	—	—	—	—	200	—	—	09/13/2021
	—	—	—	—	—	500,000	—	N/A
	—	—	—	—	—	—	400	N/A
John M. Porter	100,000	—	0.35	—	—	—	—	10/01/2018
	—	90,000	0.71	—	—	—	—	09/13/2021
	—	—	—	490	490	—	—	01/19/2017
	—	—	—	—	150	—	—	09/13/2021
	—	—	—	—	—	200,000	—	N/A
	—	—	—	—	—	—	300	N/A
Don M. White Jr.	1,200	—	11.50	—	—	—	—	08/09/2016
	25,000	25,000	0.33	—	—	—	—	10/06/2018
	—	31,500	0.71	—	—	—	—	09/13/2021
	—	—	—	—	—	50,000	—	N/A

(1) All exercisable options will expire 90 days after the date of employee's termination.
(2) Options granted on September 13, 2011 vest upon stock price reaching close of business price of $1.50 and expire 10 years from grant date.
(3) Spacetech warrants vest over a two year period, 50% of warrants have vested as of June 30, 2011.

(4) Options granted on September 13, 2011 with an expiration date of September 13, 2021 vest upon certain benchmarks being achieved.
(5) Mr. White's 25,000 options with a strike price of $0.33 vest ratable over a four year period. These 25,000 options represent 50% of the original stock options granted.

The following table provides information with respect to the vesting of each NEO's outstanding restricted stock, unexercisable options and warrants:

Schedule of Vesting Astrotech Restricted Stock Grants

Named Executive Officer	08/19/2011	08/19/2012
Thomas B. Pickens III	250,000	250,000
John M. Porter	100,000	100,000
Don M. White Jr.	25,000	25,000

Schedule of Vesting Astrotech Stock Option Grants

Named Executive Officer	10/06/2011	10/06/2012	Dependent upon Astrotech Vesting Plan
Thomas B. Pickens III			112,500[(1)]
John M. Porter			90,000[(1)]
Don M. White Jr.	12,500	12,500	31,500

(1) Options granted on September 13, 2011, vest upon a closing stock price of $1.50.

Schedule of Vesting Spacetech Restricted Stock Grants

Named Executive Officer	01/19/2012
Thomas B. Pickens III	400
John M. Porter	300

Schedule of Vesting Spacetech Warrant Grants

Named Executive Officer	01/19/2012
Thomas B. Pickens III [(1)]	840
John M. Porter [(1)]	490

(1) Warrants granted to Mr. Pickens and Mr. Porter in January 2010 for 1st Detect and Astrogenetix.

Schedule of Vesting Spacetech Stock Option Grants

Named Executive Officer	Dependent upon Astrotech Vesting Plan
Thomas B. Pickens III [(1)]	200
John M. Porter [(1)]	150

(1) 1st Detect stock options vest upon the earlier of three performance-based criteria, as determined by the Compensation Committee.

2011 Option Exercises and Stock Granted

During fiscal year 2011, there were stock options exercised by the Company's CEO or other NEOs. The following table sets forth the number and corresponding value realized during fiscal year 2011 and reflecting the grants made on July 18, 2010.

Named Executive Officer	Option Awards	
	Number of Shares Acquired on Exercise	Value Realized On Exercise
Thomas B. Pickens III	100,000	86,000
Don M. White Jr.	8,900	7,654

Pension Benefits

All employees of the Company, including NEOs, are eligible to participate in the Astrotech 401(k) plan. In accordance with this plan, employees are eligible to contribute up to 25% of their base salary subject to Internal Revenue Service limitations into the plan with all such contributions being fully vested upon contribution. The Company will match, dollar for dollar, up to 5% of the employee's contributions. Employer contributions into the plan vest pro-rata after 3 years of vesting service and are fully vested thereafter. The Company has no additional pension benefits for its NEOs.

The Company does not have a nonqualified deferred compensation plan and the NEOs have not accrued any benefits or rights to payments other than the Astrotech 401(k) Plan and potential payments upon termination discussed below.

Potential Payments Upon Termination or Change in Control

As noted under Compensation Discussion and Analysis — Post-Termination Compensation, the Company has entered into employment agreements with Mr. Pickens and Mr. White that provide for payments and other benefits in connection with the officer's termination for a qualifying event or circumstance and for enhanced payments in connection with such termination after a Change in Control (as defined in the applicable agreement). 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 agreements provide for payments of certain benefits upon the termination of the employment of the NEO. The NEO's rights upon termination of his or her employment depend upon the circumstances of the termination. Central to an understanding of the rights of each NEO under the employment agreements is an understanding of the definitions of "Cause" and "Good Reason" as those terms are used in those agreements. For purposes of the employment agreements, the Term of 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/her 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 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 the Term of Employment at any time upon any of the following:

- Upon the death of the NEO;
- In the event of physical or mental disability where the NEO is unable to perform his/her duties;
- Upon 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.

The benefits to be provided to the NEO in each of these situations are described in the tables below, which assume that the termination had taken place in fiscal 2011.

Termination after a Change in Control

A termination after a Change in Control is similar to the severance provisions described above, except that the NEO 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.

Payment Obligations Under Employment Agreements Upon Termination of Employment of NEO

The following tables set forth Astrotech's potential future payment obligations under the employment agreements under the circumstances specified upon a termination of the employment of our NEOs. Unless otherwise noted, the descriptions of the payments below are applicable to all of the tables relating to potential payments upon termination or a Change in Control.

Equity Acceleration — The Company's employment agreements include provisions to accelerate the vesting of outstanding equity awards upon termination, including termination pursuant to a Change in Control. The Compensation Committee oversees the Astrotech stock incentive plans and is charged with the responsibility of reviewing and granting exceptions to previously issued equity grants on a case by case basis.

Health Care Benefits — The employment agreements generally provide that, after resignation for Good Reason or termination without Cause, the Company will continue providing medical, dental, and vision coverage to the NEO and the NEO's dependents at least equal to that which would have been provided if the NEO's employment had not terminated, if such coverage continues to be available to the Company, until the earlier of (a) the date the NEO becomes eligible for any comparable medical benefits provided by any other employer or (b) the end date of an enumerated period following the NEO's date of termination.

As termination benefits would be payable upon an event following June 30, 2011, the tables below reflect salary changes made by the Compensation Committee for fiscal year 2012.

Thomas B. Pickens III

Benefits and Payments Upon Termination	Resignation for Good Reason or Termination Without Cause ($)(1)	Termination for Other Than Good Reason or Termination With Cause ($)	Resignation for Good Reason or Termination Without Cause After Change-in-Control ($)(2)	Disability ($)	Death ($)
Compensation:					
Base Salary	399,000	—	598,500	399,000	399,000
Bonus(3)	99,750	—	149,625	99,750	99,750
Equity(4):					
Restricted Stock	515,000	—	515,000	515,000	515,000
Spacetech Equity Awards	258,288	—	258,288	258,288	258,288
Benefits and Perquisites:					
Post-Termination Health Care	19,557	—	29,336	19,557	19,557
Accrued Vacation Pay(5)	38,365	38,365	38,365	38,365	38,365
Total:	**1,329,960**	**38,365**	**1,589,114**	**1,329,960**	**1,329,960**

(1) Pursuant to the employment agreement, this estimate assumes twelve months of base salary and benefits after termination.

(2) Provision on change in control provides for 18 months salary if terminated, which also increases estimated maximum bonus.

(3) Bonus calculated at 50% of estimated maximum bonus.

(4) Astrotech equity awards assumed exercise price of $1.03, which was the closing ASTC stock price as of June 30, 2011. Unvested options with a strike price above market value as of June 30, 2011 were not included in the calculation. Spacetech warrants were valued based on the Black Scholes Model and Spacetech restricted stock was based on a third party valuation.

(5) Assumes 5 weeks of accrued vacation upon termination (maximum contractual allowance).

Don M. White Jr.

Benefits and Payments Upon Termination	Resignation for Good Reason or Termination Without Cause ($)(1)	Termination for Other Than Good Reason or Termination With Cause ($)	Resignation for Good Reason or Termination Without Cause After Change-in-Control ($)(2)	Disability ($)	Death ($)
Compensation(3):					
Base Salary	112,500	—	168,750	112,500	112,500
Bonus	56,250		84,375	56,250	56,250
Equity:					
Restricted Stock(4)	51,500	—	51,500	51,500	51,500
Options(5)	17,500	—	17,500	17,500	17,500
Benefits and Perquisites:					
Post-Termination Health Care	6,998	—	10,497	6,998	6,998
Life Insurance Premiums	—	—	—	—	—
Accrued Vacation Pay(6)	21,635	21,635	21,635	21,635	21,635
Total:	**266,383**	**21,635**	**354,257**	**266,383**	**266,383**

(1) Pursuant to the employment agreement, this estimate assumes six months of base salary and benefits after termination.
(2) Provision on change in control provides for nine months salary if terminated, which also increase estimated maximum bonus.
(3) Bonus estimated at 50% of maximum bonus.
(4) Equity awards assumed exercise price of $1.03, which was the ASTC closing stock price as of June 30, 2011.
(5) Option awards assumed market price of $1.03, which was the ASTC closing stock price as of June 30, 2011. Unvested options with a strike price above market value as of June 30, 2011, were not included in the calculation.
(6) Assumes five weeks of accrued vacation upon termination (maximum contractual allowance).

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

Company directors, other than the Chairman of the Audit Committee and Chairman of the Compensation Committee, receive an annual stipend of $30,000 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 $40,000 and the Chairman of the Compensation Committee receives an annual stipend of $35,000, recognizing the additional duties and responsibilities of those roles. In addition, each non-employee director receives a meeting fee of $3,000 for each meeting of the Board of Directors attended in person and $1,000 for each such meeting attended by conference call.

Audit Committee members received $750 for attendance to meetings in person or by conference call, while the Compensation Committee and the Governance and Nominating Committee members received $500 for attendance to meetings in person or by conference call. All directors are reimbursed ordinary and reasonable expenses incurred in exercising their responsibilities in accordance with Travel and Entertainment 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 25,000 shares of restricted common stock issued upon his first election to the Board of Directors, subject to board discretion. Restricted stock and stock options granted typically vest 25% annually, beginning after one year and 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 that require the Company to indemnify the directors to the fullest extent permitted by Washington state law. The Company's certificate of incorporation also requires the Company to indemnify both the directors and officers of the Company to the fullest extent permitted by Washington state law.

Fiscal Year 2011 Non-Employee Director Compensation Table

Name	Fees Earned or Paid in Cash ($)	Restricted Stock Awards ($)	Stock Options ($)	All other compensation ($)	Total ($)
Mark Adams	47,750	—	19,002	—	66,752
John A. Oliva	56,250	—	19,002	—	75,252
William F. Readdy	39,500	—	19,002	—	58,502
Sha-Chelle Manning	44,750	—	19,002	—	63,752
Daniel T. Russler, Jr.	38,750		19,002		57,752
Total	**227,000**	**—**	**95,010**	**—**	**322,010**

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table sets forth as of June 30, 2011, certain information regarding the beneficial ownership of the Company's outstanding common stock held by (i) each person known by the Company to be a beneficial owner of more than five percent of any outstanding class of the Company's capital stock, (ii) each of the Company's directors, (iii) the Company's Chief Executive Officer and 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	Amount and Nature of Beneficial Ownership (#)	Shares Subject To Options (#)	Total (#)	Percentage of Class[1]
Certain Beneficial Owners				
SMH Capital Advisors, Inc.[2]	2,600,745	—	2,600,745	13.4%
Astrium GmbH [3]	1,099,245	—	1,099,245	5.7%
Bruce & Co., Inc.[4]	1,070,073	—	1,070,073	5.5%
Non-Employee Directors:[5]				
Mark Adams[6]	450,019	29,750	479,769	2.5%
John A. Oliva[7]	170,000	28,750	198,750	1.0%
William F. Readdy[8]	150,000	28,750	178,750	*
Sha-Chelle Manning[9]	135,000	—	135,000	*
Named Executive Officers:[5]				
Thomas B. Pickens III[10]	1,950,000	2,000	1,952,000	10.1%
John M. Porter[11]	350,000	100,000	450,000	2.3%
Don M. White Jr.[12]	85,900	26,200	112,100	*
All Directors and Named Executive Officers as a Group (7 persons)	3,290,919	215,450	3,506,369	18.1%

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

\# Includes unvested restricted stock grants.

(1) Calculated pursuant to Rule 13d-3(d) of the Securities Exchange Act of 1934. Under Rule 13d-3(d), shares not outstanding which are subject to options, warrants, rights or conversion privileges exercisable within 60 days are deemed outstanding for the purpose of calculating the number and percentage owned by a person, but not deemed outstanding for the purpose of calculating the number and percentage owned by any other person listed. As of June 30, 2011, we had 19,349,895 shares of common stock outstanding, including 1,321,946 of restricted stock with voting rights.

(2) Held by SMH Capital Advisors, Inc. in discretionary accounts for the benefit of its clients. This holder's address is 4800 Overton Plaza, Suite 300, Ft. Worth, Texas 76109. Includes information from Form 13D filed by SMH Capital Advisors, Inc. on February 1, 2011.

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

(4) Bruce & Co., Inc., is the investment manager for Bruce Fund, Inc., a Maryland registered investment company with its principle business conducted at 20 North Wacker Dr., Suite 2414, Chicago, IL 60606. Includes information from Schedule 13G filed by Bruce & Co., Inc. on December 31, 2010.

(5) The applicable address for all non-employee directors and named executive officers is c/o Astrotech Corporation, 401 Congress Ave., Suite 1650, Austin, TX 78701.

(6) Includes 112,916 shares of unvested restricted stock. On August 19, 2011, 53,333 restricted shares vested.

(7) Includes 102,916 shares of unvested restricted stock. On August 19, 2011, 48,333 restricted shares vested.
(8) Includes 79,583 shares of unvested restricted stock. On August 19, 2011, 36,667 restricted shares vested.
(9) Includes 85,833 shares of unvested restricted stock. On August 19, 2011, 36,667 restricted shares vested.
(10) Includes 500,000 shares of unvested restricted stock. On August 19, 2011, 250,000 restricted shares vested.
(11) Includes 200,000 shares of unvested restricted stock. On August 19, 2011, 100,000 restricted shares vested.
(12) Includes 50,000 shares of unvested restricted stock. On August 19, 2011, 25,000 restricted shares vested.

Securities Authorized for Issuance Under Equity Compensation Plans.
Equity Compensation Plan Information

The following table is as of June 30, 2011.

Plans Previously Approved by Security Holders	Options Authorized	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available at September 30, 2011 For future issuance under equity compensation plans (excluding securities reflected in column (a)
The 1994 Plan[(1)]	395,000	11,600	$16.78	0
Directors Stock Option Plan[(2)]	50,000	12,000	$13.33	33,000
1997 Employee Stock Purchase Plan[(3)]	150,000	0	N/A	1,735
2008 Stock Incentive Plan[(4)]	5,500,000	353,750	$ 0.37	456,690
2011 Stock Incentive Plan[(5)]	1,750,000	0	N/A	1,750,000
2011 1st Detect Stock Incentive Plan[(6)]	2,500	0	N/A	2,500

(1) Under the terms of the 1994 Plan, the number and price of the options granted to employees is determined by the Board of Directors and such options vest, in most cases, incrementally over a period of four years and expire no more than ten years after the date of grant. As of October 2010, additional shares cannot be granted from the 1994 Plan.
(2) Options under the Directors' Plan vest after one year and expire seven years from the date of grant. No shares were granted from the Directors' Plan during fiscal year 2011.
(3) The Employee Stock Purchase plan allowed eligible employees to purchase shares of Common Stock of the Company at prices no less than 85% of the current market price. Company discontinued employee purchases of common stock under the plan in the fourth quarter of fiscal year 2007.
(4) The 2008 Stock Incentive Plan authorizes the award of stock grants, restricted stock and stock options. The number and price of the awards granted to employees is determined by the Board of Directors and such options vest, in most cases, incrementally over a period of four years and expire no more than ten years after the date of grant. As of June 30, 2011, 1,321,946 shares of unvested restricted stock were outstanding.
(5) The 2011 Stock Incentive Plan authorizes the award of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock, restricted stock units, performance awards payable in cash or common stock, and other incentive awards. The number and price of the awards granted to employees is determined by the Board of Directors, and options expire no more than 10 years from the date of the grant. As of June 30, 2011 there have been no grants out of the 2011 Plan.
(6) The 2011 1st Detect Stock Incentive Plan authorized the award of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock, restricted stock units, performance awards payable in cash or common stock, and other incentive awards. The number and price of the awards granted to employees is determined by the Board of Directors, and options expire no more than 10 years from the date of the grant. As of June 30, 2011 there have been no grants out of the 2011 Plan.

Additional information on the Company's equity compensation plan can be found under Item 11- Executive Compensation, above.

Item 13. Certain Relationships and Related Transactions and Director Independence.

Director Independence

The Board of Directors has determined each of the following directors to be an "independent director" as such term is defined by Nasdaq Listing Rule 5605(a)(2):

Mark Adams

John A. Oliva

William F. Readdy

Sha-Chelle Manning

Daniel T. Russler, Jr.

The Board of Directors has also determined that each member of the Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee during fiscal year 2011 meet the independence requirements applicable to those Committees prescribed by Nasdaq and SEC rules.

Item 14. Principal Accounting Fees and Services.

The Company's Independent Registered Public Accounting Firm

On November 18, 2010, Astrotech Corporation (the "Company") dismissed PMB Helin Donovan, LLP as the Company's independent registered public accountant. The dismissal of PMB Helin Donovan, LLP as the Company's independent registered public accountant was approved by the Company's Audit Committee.

PMB Helin Donovan, LLP's report on the Company's financial statements for the fiscal years ended June 30, 2010 and June 30, 2009 did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope, or accounting principles.

During the fiscal years ended June 30, 2010 and June 30, 2009 and the subsequent interim period preceding PMB Helin Donovan, LLP's dismissal, there have not been any disagreements with PMB Helin Donovan, LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of PMB Helin Donovan, LLP, would have caused it to make reference to the subject matter of the disagreements in connection with its report.

None of the reportable events described under Item 304(a)(1)(v)(A)-(D) of Regulation S-K occurred within the fiscal years of the Company ended June 30, 2010 and June 30, 2009 or subsequently up to the date of PMB Helin Donovan, LLP's dismissal.

A letter from PMB Helin Donovan, LLP addressed to the Securities and Exchange Commission stating that it concurs with the statements made by the Company with respect to PMB Helin Donovan, LLP (incorporated by reference to Exhibit 16.1 of the Registrants Form 8-K filed with the Securities and Exchange Commission on November 22, 2010).

On November 18, 2010, the Company engaged Ernst & Young, LLP as the Company's independent registered public accountant for the fiscal year ended June 30, 2011. The engagement of Ernst & Young, LLP as the Company's independent registered public accountant was approved by the Company's Audit Committee.

During the fiscal years ended June 30, 2010 and June 30, 2009 and the subsequent interim period up to the date of Ernst & Young, LLP's engagement, neither the Company nor anyone on the Company's behalf consulted with Ernst & Young, LLP regarding (1) the application of accounting principles to a specified transaction, (2) the type of audit opinion that might be rendered on the Company's financial statements, (3) the provision of written or oral advice that would be an important factor considered by the Company in reaching a decision as to an accounting, auditing or financial reporting issues, or (4) any matter that was the subject of a disagreement between the Company and its predecessor auditor as described in Item 304(a)(1)(iv) or a reportable event as described in Item 304(a)(1)(v) of Regulation S-K.

In April 2011, the Astrotech shareholders ratified the appointment of Ernst & Young LLP as the independent registered public accounting firm to audit the Company's financial statements.

The following table presents fees paid or to be paid for professional audit services rendered by Ernst & Young for the audit of the Company's annual financial statements during the years ended June 30, 2011 and PMB Helin Donovan LLP for the audit of the year ended June 30, 2010. PMB Helin Donovan LLP and Ernst & Young LLP did not provide tax or other consulting services during 2011 or 2010.

	Fiscal 2011	Fiscal 2010
Audit Fees[(1)]	$206,000	$191,000
Tax Fees	—	—
All Other Fees	—	—
Total All Fees	**$206,000**	**$191,000**

(1) Audit Fees consisted of fees billed for professional services rendered for the audit of the Company's annual financial statements and review of the interim financial statements included in quarterly reports.

Audit Committee Pre-Approval Policy

The Audit Committee is responsible for appointing, setting compensation for, and overseeing the work of Ernst & Young LLP, the Company's independent registered public accountants. In order to assure that the provision of such services does not impair the auditors' independence, the Audit Committee has established a policy requiring pre-approval of all audit and permissible non-audit services to be provided by independent registered public accountants. The policy 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. The policy requires specific pre-approval of the annual audit engagement, most statutory or subsidiary audits, and all permissible non-audit services for which no general pre-approval exists. 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 the authority to grant certain specific pre-approvals; provided, however, that the Chairman 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 Committee's responsibility to pre-approve services performed by the independent registered public accountants.

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

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) The following documents are filed as part of the report:

Financial Statements.

The following consolidated financial statements of Astrotech Corporation and its wholly-owned and majority-owned subsidiaries and related notes, are set forth herein as indicated below.

Exhibit No.	Description of Exhibit
(2)	**Articles of Incorporation and Bylaws**
2.1	Amended and Restated Articles of Incorporation of the Registrant, as amended (incorporated by reference to Exhibit 4.1 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)
2.2	Bylaws of the Registrant (incorporated by reference to the Registrant's registration statement on Form S-1, File No. 33- 97812, and all amendments thereto, filed with the Securities and Exchange Commission on October 5, 1995)
(4)	**Instruments Defining the Rights of Security Holders, including Indentures**
4.1	Designation of Rights, Terms and Preferences of Series B Senior Convertible Preferred Stock of the Registrant (incorporated by reference to Exhibit 4.3 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)
4.2	Preferred Stock Purchase Agreement between the Registrant and DaimlerChrysler Aerospace AG dated as of August 2, 1999 (incorporated by reference to Exhibit 4.2 of the Registrant's Report on Form 8-K filed with the Securities and Exchange Commission on August 19, 1999)
4.3	Registration Rights Agreement between the Registrant and DaimlerChrysler Aerospace AG dated as of August 5, 1999 (incorporated by reference to Exhibit 4.3 of the Registrant's Report on Form 8-K filed with the Securities and Exchange Commission on August 19, 1999)
4.4	Indenture dated as of October 15, 1997 between the Registrant and First Union National Bank, as Trustee, relating to the Registrant's 8.0% Convertible Subordinated Notes due 2007 (incorporated by reference to Exhibit 4.1 of the Registrant's Registration Statement on Form S-3 (Reg. No. 333-43221) filed with the Securities and Exchange Commission on December 24, 1997)
4.5	Designation of Right, Terms and Preferences of Series D Junior Participating Preferred Stock of Astrotech Corporation (incorporated by reference to Exhibit 3.1 of Registrant's Form 8-A filed with the Securities and Exchange Commission on July 31, 2009).

Exhibit No.	Description of Exhibit
4.6	Rights Agreement, dated as of July 29, 2009, between Astrotech Corporation and American Stock Transfer & Trust Company, LLC, as Rights Agent (incorporated by reference to Exhibit 4.1 of the Registrant's Form 8-A filed with the Securities and Exchange Commission on July 31, 2009).
4.7	Amendment One to Rights Agreement, dated as of July 29, 2010, between Astrotech Corporation and American Stock Transfer & Trust Company, LLC, as Rights Agent (incorporated by reference to Exhibit 4.1 of the Registrant's Form 8-A/A filed with the Securities and Exchange Commission on July 29, 2010).
4.8	Amendment Two to Rights Agreement, dated as of August 10, 2011, between Astrotech Corporation and American Stock Transfer & Trust Company, LLC, as Rights Agent (incorporated by reference to Exhibit 4.1 of the Registrant's Form 8-A/A filed with the Securities and Exchange Commission on August 10, 2011).
(10)	**Material Contracts**
10.1	Letter Agreement dated August 15, 1995, by and between the Registrant and Mitsubishi Corporation (incorporated by reference to Exhibit 10.7 of the Registrant's Registration Statement on Form S-1 (Reg. No. 33-97812) filed with the Securities and Exchange Commission on October 5, 1995)
10.2	SPACEHAB, Incorporated 1995 Directors' Stock Option Plan as amended and restated effective October 21, 1997 (incorporated by reference to Exhibit B of the Registrant's Definitive Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on September 12, 1997)
10.3	Office Building Lease Agreement, dated October 6, 1993, between Astrotech and the Secretary of the Air Force (Lease number SPCVAN — 2-94-001) (incorporated by reference to Exhibit 10.52 of the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1997 filed with the Securities and Exchange Commission on September 12, 1997)
10.4	SPACEHAB, Incorporated 1994 Stock Incentive Plan as amended and restated effective October 14, 1999 (incorporated by reference to Exhibit 10.90 of the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1999 filed with the Securities and Exchange Commission on September 17, 1999)
10.5	Agreement, dated September 30, 2004, between the Registrant and Dr. Shelley A. Harrison (incorporated by reference to Exhibit 10.7 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)
10.6	Lease for property at 300 D Street, SW, Suite #814, Washington, DC, dated as of December 16, 1998, by and between the Registrant and The Washington Design Center, LLC (incorporated by reference to Exhibit 10.8 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)
10.7	Sublease Agreement, dated as of July, 2002, between the Registrant and The Boeing Company (incorporated by reference to Exhibit 10.9 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)
10.8	SPACEHAB, Incorporated 1997 Employee Stock Purchase Plan (incorporated by reference to Exhibit C of the Registrant's Definitive Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on September 12, 1997)
10.9	Agreement between Astrotech Space Operations, Inc. and McDonnell Douglas Corporation, dated January 7, 2000 (incorporated by reference to Exhibit 10.103 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000 filed with the Securities and Exchange Commission on May 12, 2000)

Exhibit No.	Description of Exhibit
10.10	Agreement between Astrotech Space Operations, Inc. and Lockheed Martin Commercial Launch Services, Inc., dated January 24, 2000 (incorporated by reference to Exhibit 10.104 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000 filed with the Securities and Exchange Commission on May 12, 2000)
10.11	Credit agreement dated as of August 30, 2001 by and between Astrotech Florida Holdings, Inc. and SouthTrust Bank (incorporated by reference to Exhibit 10.114 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001 filed with the Securities and Exchange Commission on November 8, 2001)
10.12	Employment and Non-Interference Agreement, dated as of April 1, 2003, between the Registrant and Michael E. Kearney (incorporated by reference to Exhibit 10.119 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003 filed with the Securities and Exchange Commission on May 14, 2003)
10.13	First amendment to the Credit Agreement dated as of August 30, 2001 by and between Astrotech Florida Holdings, Inc. and SouthTrust Bank (incorporated by reference to Exhibit 10.122 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended December 31, 2003 filed with the Securities and Exchange Commission on February 13, 2004)
10.14	Employment and Non-Interference Agreement, dated as of January 9, 2004, between the Registrant and Brian K. Harrington (incorporated by reference to Exhibit 10.123 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004 filed with the Securities and Exchange Commission on May 12, 2004)
10.15	50 Year Lease, dated as of February 1, 1991, between the Registrant and Canaveral Port Authority (incorporated by reference to Exhibit 10.17 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)
10.16	Commercial Contract, dated as of March 3, 2005, between the Registrant and Tamir Silvers, LLC (incorporated by reference to Exhibit 10.18 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)
10.17	Lease Agreement, dated as of February 18, 2005, between the Registrant and R & H Investments, a California partnership (incorporated by reference to Exhibit 10.19 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)
10.18	Fixed Price Subcontract 889208 for Wideband Gapfiller Satellite Program Launch Site Payload Processing Facilities and Services, dated as of January 18, 2005, between Boeing Satellite Systems, Inc. and Astrotech Space Operations, Inc. (incorporated by reference to Exhibit 10.20 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)
10.19	Loan Agreement, dated as of February 11, 2005, between the Registrant and First American Bank, SSB (incorporated by reference to Exhibit 10.125 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended December 31, 2004 filed with the Securities and Exchange Commission on February 14, 2005)
10.20	Letter Contract No. GF80726B11, dated as of February 18, 2004, between the Registrant and Lockheed Martin Corporation (incorporated by reference to Exhibit 10.23 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)

Exhibit No.	Description of Exhibit
10.21	ISS Program Integration and Control Contract, between SPACEHAB Government Services, Inc. and ARES Corporation (incorporated by reference to Exhibit 10.24 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)
10.22	Asset Purchase Agreement, dated as of December 19, 2000, between the Registrant and Astrium GmbH. (incorporated by reference to Exhibit 10.27 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)
10.23	Amendment No. 1 to Asset Purchase Agreement, dated as of December 19, 2000, between the Registrant and Astrium GmbH, dated July 3, 2001 (incorporated by reference to Exhibit 10.28 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)
10.24	Lease Agreement, dated as of February 28, 2001, between the Registrant and Astrium GmbH (incorporated by reference to Exhibit 10.29 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)
10.25	Binding Term Sheet, dated as of December 19, 2001, between the Registrant and Astrium GmbH, amending the Lease Agreement, dated as of February 28, 2001, between the Registrant and Astrium GmbH (incorporated by reference to Exhibit 10.30 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)
10.26	Lease Agreement, dated as of July 3, 2001, between the Registrant and Astrium GmbH (incorporated by reference to Exhibit 10.31 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)
10.27	Agreement No. 48801 for Provision of Payload Processing Facilities and Support in Conjunction with Commercial Atlas Launches, between Astrotech Space Operations, Inc. and Lockheed Martin Commercial Launch Services, Inc. (incorporated by reference to Exhibit 10.32 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)
10.28	Contract No. NNK04LA75C, dated as of July 2, 2004, between Astrotech Space Operations, Inc. and John F. Kennedy Space Center, NASA (incorporated by reference to Exhibit 10.33 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)
10.29	Agreement and Statement of Work, dated as of April 25, 1996 and as amended by Amendment No. 3 as of December 6, 2002, between Astrotech Space Operations, Inc. and Sea Launch Company, L.L.C. (incorporated by reference to Exhibit 10.34 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)
10.30	Employment and Non-Interference Agreement, dated as of May 12, 2005, between the Registrant and Michael E. Bain (incorporated by reference to Exhibit 10.35 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)
10.31	Employment and Non-Interference Agreement, dated as of May 12, 2005, between the Registrant and E. Michael Chewning (incorporated by reference to Exhibit 10.36 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)

Exhibit No.	Description of Exhibit
10.32	Settlement Agreement and Mutual Release of All Claims, dated as of May 25, 2005, among the Registrant and Lloyd's of London, Goshawk Syndicate No. 102, Euclidian Syndicate No. 1243, Ascot Underwriting Ltd. Syndicate No. 1414, and R.J. Kiln Syndicate No. 510 (incorporated by reference to Exhibit 10.37 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)
10.33	Lease No. SPCVAN-2-94-0001, between the Secretary of the Air Force and Astrotech Space Operations, L.P. (incorporated by reference to Exhibit 10.39 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)
10.34	Strategic Collaboration Agreement, dated as of August 5, 1999, between the Registrant and DaimlerChrysler Aerospace AG (incorporated by reference to Exhibit 10.40 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)
10.35	Guaranty Agreement, dated as of August 30, 2001, between the Registrant and SouthTrust Bank (incorporated by reference to Exhibit 10.41 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)
10.36	Guaranty Agreement, dated as of August 30, 2001, between Astrotech Space Operations, Inc. and SouthTrust Bank (incorporated by reference to Exhibit 10.42 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)
10.37	Stock Pledge and Security Agreement, dated as of August 30, 2001, between the Registrant and SouthTrust Bank (incorporated by reference to Exhibit 10.43 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)
10.38	Stock Pledge and Security Agreement, dated as of August 30, 2001, between Astrotech Space Operations, Inc. and SouthTrust Bank (incorporated by reference to Exhibit 10.44 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)
10.39	Assignment of CLIN 1 Rights, dated as of August 30, 2001, between Astrotech Space Operations, Inc. and SouthTrust Bank (incorporated by reference to Exhibit 10.45 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)
10.40	Termination Agreement, dated as of June 1, 2004, between the Registrant and Vladimir J. Fishel (incorporated by reference to Exhibit 10.46 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)
10.41	Memorandum of Understanding, dated as of June 8, 2005, between the Registrant and SMH Capital Advisors, Inc. (incorporated by reference to Exhibit 10.47 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)
10.42	Space Media, Inc. Stock Option Plan (incorporated by reference to Exhibit 10.48 of the Registrant's Registration Statement (Reg. No. 333-126772), and all amendments thereto, filed with the Securities and Exchange Commission on July 21, 2005)

Exhibit No.	Description of Exhibit
10.43	First Amendment to Loan Agreement (incorporated by reference to Exhibit 10.49 of the Registrant's Current Report on 8-K filed with the Securities Exchange Commission on November 10, 2005), effective September 30, 2005 between SPACEHAB, Incorporated (the "Borrower") and Citibank Texas, N.A., formerly known as First American Bank, SSB (the "Lender"), as executed on November 10, 2005
10.44	Second Amendment to Loan Agreement (incorporated by reference to Exhibit 10.50 of the Registrant's Current Report on 8-K filed with the Securities Exchange Commission on March 3, 2006), dated February 11, 2006 between SPACEHAB, Incorporated (the "Borrower") and Citibank Texas, N.A., formerly known as First American Bank, SSB (the "Lender"), as executed on February 28, 2006
10.45	Separation Agreement and Mutual Release, dated as of December 15, 2006, between the Registrant and Michael E. Kearney (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K, filed with the Securities and Exchange Commission on December 15, 2006)
10.46	Separation Agreement and Mutual Release, dated as of January 19, 2007, between the Registrant and Michael E. Bain (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on 10-Q, filed with the Securities and Exchange Commission on February 14, 2007)
10.47	Separation Agreement and Mutual Release, dated as of January 19, 2007, between the Registrant and E. Michael Chewning (incorporated by reference to Exhibit 10.2 of the Registrant's Quarterly Report on 10-Q, filed with the Securities and Exchange Commission on February 14, 2007)
10.48	Employment and Non-Interference Agreement, dated as of June 4, 2007, between the Registrant and Michael J. Bowker (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K, filed with the Securities and Exchange Commission on June 12, 2007)
10.50	Loan Agreement dated as of February 6, 2008, between Astrotech Space Operations, Inc. ("the Borrower") and Green Bank, N.A. (the "Lender") (incorporated by reference to Exhibit 10.50 of the Registrant's Annual Report on 10-K filed with the Securities and Exchange Commission on September 29, 2008)
10.51	Employment Agreement, effective October 6, 2008 between SPACEHAB, Incorporated and Thomas B. Pickens, III (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report Form 8-K filed with the Securities and Exchange Commission on November 21, 2008).
10.52	Employment Agreement, effective October 6, 2008 between SPACEHAB, Incorporated and James D. Royston (incorporated by reference to Exhibit 10.2 of the Registrant's Current Report Form 8-K filed with the Securities and Exchange Commission on November 21, 2008).
10.53	Employment Agreement, effective October 6, 2008 between SPACEHAB, Incorporated and Brian K. Harrington (incorporated by reference to Exhibit 10.3 of the Registrant's Current Report Form 8-K filed with the Securities and Exchange Commission on November 21, 2008).
10.54	Employment Agreement, effective October 6, 2008 between SPACEHAB, Incorporated and Lance W. Lord (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report Form 8-K filed with the Securities and Exchange Commission on January 13, 2009).
10.55	Separation, Release and Consulting Agreement, dated June 4, 2009, between the Registrant and Brian K. Harrington (incorporated by reference to Exhibit 10.55 of the Registrant's Annual Report on 10-K filed with the Securities and Exchange Commission on August 30, 2011).
10.56	1st Detect Corporation Stock Purchase Warrant Agreement, dated January 19, 2010 (incorporated by reference to Exhibit 10.56 of the Registrant's Annual Report on 10-K filed with the Securities and Exchange Commission on August 30, 2011).

Exhibit No.	Description of Exhibit
10.57	1st Detect Corporation Restricted Stock Agreement, dated January 19, 2010 (incorporated by reference to Exhibit 10.57 of the Registrant's Annual Report on 10-K filed with the Securities and Exchange Commission on August 30, 2011).
10.58	Astrogenetix, Inc. Stock Purchase Warrant Agreement, dated January 19, 2010 (incorporated by reference to Exhibit 10.58 of the Registrant's Annual Report on 10-K filed with the Securities and Exchange Commission on August 30, 2011).
10.59	Astrogenetix, Inc. Restricted Stock Agreement, dated January 19, 2010 (incorporated by reference to Exhibit 10.59 of the Registrant's Annual Report on 10-K filed with the Securities and Exchange Commission on August 30, 2011).
10.60	Texas Emerging Technology Fund Award and Security Agreement, effective March 30, 2010, between the State of Texas and 1st Detect Corporation (incorporated by reference to Exhibit 10.60 of the Registrant's Annual Report on 10-K filed with the Securities and Exchange Commission on August 30, 2011).
10.61	1st Detect Corporation Investment Unit, effective March 30, 2010, between the State of Texas and 1st Detect Corporation (incorporated by reference to Exhibit 10.61 of the Registrant's Annual Report on 10-K filed with the Securities and Exchange Commission on August 30, 2011).
10.62	Third Amendment, dated February 6, 2010, to the original loan agreement between the Registrant and Greebank, N.A., signed on February 6, 2008 (incorporated by reference to Exhibit 99.1 of the Registrant's Form 8K filed with the Securities and Exchange Commission on April 1, 2010).
10.63	Separation Agreement, dated August 19, 2010, between the Registrant and James D. Royston (incorporated by reference to Exhibit 10.63 of the Registrant's Annual Report on 10-K filed with the Securities and Exchange Commission on August 30, 2011).
10.64	Loan Agreement, dated as of October 21, 2010, by and among Astrotech Space Operations, Inc., Astrotech Corporation, Astrotech Florida Holdings, Inc., and American Bank, N.A. (incorporated by reference to Exhibit 10.1 of the Registrant's Annual Report on Form 8-K filed with the Securities and Exchange Commission on October 26, 2010).
10.65	2011 Stock Incentive Plan (As Effective April 20, 2011) (incorporated by reference to Appendix B of the Registrant's Report on Schedule 14A filed with the Securities and Exchange Commission on March 17, 2011).
(16)	**Letter Regarding Change in Certifying Accountant**
16.1	Letter from Grant Thornton LLP regarding change in certifying accountant, dated January 18, 2007 (incorporated by reference to Exhibit 16 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 19, 2007)
16.2	Letter from PMB Helin Donovan, LLP, dated November 19, 2010 (incorporated by reference to Exhibit 16.1 of the Registrant's Form 8-K filed with the Securities and Exchange Commission on November 22, 2010).
(21)	**Astrotech Corporation and Subsidiaries — Subsidiaries of the Registrant**
(23)	**Consents of Experts and Counsel**
23.1	Consent of Ernst & Young LLP
23.2	Consent of PMB Helin Donovan LLP
(31)	**Rule 13a-14(a) Certifications**
31.1	Certification of Thomas B. Pickens, III, the Company's Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.

Exhibit No.	Description of Exhibit
31.2	Certification of John M. Porter, the Company's Senior Vice President and Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
(32)	**Section 1350 Certifications**
32.1	Certification of Thomas B. Pickens, III, the Company's Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.
32.2	Certification of John M. Porter, the Company's Senior Vice President and Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Astrotech Corporation

By: /s/ Thomas B. Pickens III

Thomas B. Pickens III
Chief Executive Officer

Date: September 20, 2011

By: /s/ John M. Porter

John M. Porter
Senior Vice President, Chief Financial Officer and Chief Accounting Officer

Date: September 20, 2011

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of this registrant in the capacities and on the dates indicated.

/s/ Thomas B. Pickens III Thomas B. Pickens III	Chairman of the Board and Chief Executive Officer	September 16, 2011
/s/ Mark Adams Mark Adams	Director	September 16, 2011
/s/ Sha-Chelle Manning Sha-Chelle Manning	Director	September 16, 2011
/s/ John A. Oliva John A. Oliva	Director	September 16, 2011
/s/ William F. Readdy William F. Readdy	Director	September 16, 2011
/s/ Daniel T. Russler, Jr. Daniel T. Russler, Jr.	Director	September 16, 2011
/s/ John M. Porter John M. Porter	Senior Vice President, Chief Financial Officer and Chief Accounting Officer	September 16, 2011

EXHIBIT INDEX

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Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements (Form S-8 No. 333-151752) pertaining to the 2008 Stock Incentive Plan of Astrotech Corporation, (Form S-8 No. 333-36779) pertaining to the 1997 Employee Stock Purchase Plan, (Form S-8 No. 333-43159) pertaining to the SPACEHAB, Incorporated: 1994 Stock Inc. Plan, and (Form S-8 No. 333-43181) pertaining to the SPACEHAB, Incorporated 1995 Directors' Stock Option plan, of our report dated September 19, 2011, with respect to the consolidated financial statements of Astrotech Corporation included in this Annual Report (Form 10-K) for the fiscal year ended June 30, 2011.

/s/ Ernst & Young LLP

Austin, Texas
September 20, 2011

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated August 30, 2010, accompanying the consolidated financial statements of Astrotech Corporation included in this Form 10-K for the year ended June 30, 2010. We hereby consent to the incorporation by reference of said report in the Registration Statements of Astrotech Corporation on Forms S-8 (File No. 333-36779, effective November 3, 1997, File No. 333-43159, effective December 24, 1997, and File No. 333-43181, effective December 24, 1997) and Form S-4 (File No. No. 333-126772, effective September 6, 2005).

PMB HELIN DONOVAN, LLP

/s/ PMB Helin Donovan, LLP

Austin, Texas
September 20, 2011

EXHIBIT 31.1

Certification Pursuant to Rule 13a-14(a) and Rule 15d-14(a)
of the Securities Exchange Act of 1934

I, Thomas B. Pickens III, certify that:

(1) I have reviewed this annual report on Form 10-K of Astrotech Corporation, a Washington corporation (the "registrant");

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

 (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

 (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

 (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

 (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

 (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

 (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 20, 2011

by: /s/ Thomas B. Pickens III

Thomas B. Pickens III
Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OLXLEY ACT OF 2002

In connection with the annual report on Form 10-K of Astrotech Corporation (the "Company") for the fiscal year ended June 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "report"), I, John M. Porter, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ John M. Porter

John M. Porter, Chief Financial Officer
September 20, 2011

The foregoing certification is being furnished solely to accompany the report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, as is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OLXLEY ACT OF 2002

In connection with the annual report on Form 10-K of Astrotech Corporation (the “Company”) for the fiscal year ended June 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the “report”), I, Thomas B. Pickens, III, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Thomas B. Pickens III

Thomas B. Pickens III, Chief Executive Officer
September 20, 2011

The foregoing certification is being furnished solely to accompany the report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, as is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

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(1) the report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ John M. Porter

John M. Porter, Chief Financial Officer
September 20, 2011

The foregoing certification is being furnished solely to accompany the report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, as is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.