

KEY TECHNOLOGY INC
Form 4
August 03, 2005

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
MADSEN THOMAS C

(Last) (First) (Middle)

C/O KEY TECHNOLOGY, INC., 150 AVERY STREET

(Street)

WALLA WALLA, WA 99362

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
KEY TECHNOLOGY INC [KTEC]

3. Date of Earliest Transaction (Month/Day/Year)
08/01/2005

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)		
				Code	V	Amount				(A) or (D)	Price
Common Stock	08/01/2005		M			700	A	\$ 8.94	411,671	D	
Common Stock	08/01/2005		S			700	D	\$ 12.8	410,971	D	
Common Stock	08/02/2005		M			13,250	A	\$ 8.94	424,221	D	
Common Stock	08/02/2005		S			13,250	D	\$ 12.8	410,971	D	
Common Stock	08/03/2005		M			7,050	A	\$ 8.94	418,021	D	

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Common Stock	08/03/2005	S	2,150	D	\$ 12.45	415,871	D
Common Stock	08/03/2005	S	100	D	\$ 12.5	415,771	D
Common Stock	08/03/2005	S	800	D	\$ 12.51	414,971	D
Common Stock	08/03/2005	S	1,100	D	\$ 12.52	413,871	D
Common Stock	08/03/2005	S	200	D	\$ 12.58	413,671	D
Common Stock	08/03/2005	S	200	D	\$ 12.6	413,471	D
Common Stock	08/03/2005	S	200	D	\$ 12.62	413,271	D
Common Stock	08/03/2005	S	100	D	\$ 12.63	413,171	D
Common Stock	08/03/2005	S	100	D	\$ 12.71	413,071	D
Common Stock	08/03/2005	S	300	D	\$ 12.72	412,771	D
Common Stock	08/03/2005	S	100	D	\$ 12.73	412,671	D
Common Stock	08/03/2005	S	700	D	\$ 12.74	411,971	D
Common Stock	08/03/2005	S	900	D	\$ 12.8	411,071	D
Common Stock	08/03/2005	S	100	D	\$ 12.81	410,971	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4,	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)
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and 5)

	Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares			
Nonstatutory Stock Option (right to buy)		\$ 8.94		08/01/2005	M		700	(1)	08/08/2005	Common Stock	70
Nonstatutory Stock Option (right to buy)		\$ 8.94		08/02/2005	M		13,250	(1)	08/08/2005	Common Stock	13,250
Nonstatutory Stock Option (right to buy)		\$ 8.94		08/03/2005	M		7,050	(1)	08/08/2005	Common Stock	7,050
Series B Convertible Preferred Stock (3)		\$ 0 (4)		07/28/2005	J		10	08/04/2000	07/11/2005	Common Stock	6

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MADSEN THOMAS C C/O KEY TECHNOLOGY, INC. 150 AVERY STREET WALLA WALLA, WA 99362	X			

Signatures

Thomas C. Madsen 08/03/2005

**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) 25 percent of such option became exercisable August 8, 2001, 2002, 2003 and 2004.
- (2) Column 8 is not a required field. New SEC software requires a dollar amount; use zero per SEC.
- (3) The Series B Convertible Preferred Stock was subject to mandatory redemption on July 11, 2005 and certain other provisions as described in the Company's Restated Articles of Incorporation, as amended.
- (4) Not applicable

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.