SHANNON MICHAEL L

Form 4

February 04, 2013

FORM 4

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

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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 * SHANNON MICHAEL L	2. Issuer Name **and** Ticker or Trading Symbol **KEY TECHNOLOGY INC [KTEC]**	5. Relationship of Reporting Person(s) to Issuer
(Last) (First) (Middle)	3. Date of Earliest Transaction (Month/Day/Year) 02/01/2013	(Check all applicable) __X__ Director _____ 10% Owner _____ Officer (give title _____ Other (specify below) below)
C/O KEY TECHNOLOGY, INC., 150 AVERY STREET		
(Street)	4. If Amendment, Date Original Filed(Month/Day/Year)	6. Individual or Joint/Group Filing(Check Applicable Line) _X_ Form filed by One Reporting Person ___ Form filed by More than One Reporting Person
WALLA WALLA, WA 99362		
(City) (State) (Zip)		

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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	02/01/2013		M		5,000	A	$ 5.62	25,797	D	
Common Stock	02/01/2013		F		2,294 (2)	D	$ 12.25	23,503	D	

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

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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, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Non-Statutory Stock Option	$ 5.62	02/01/2013		M		5,000		(1)	02/05/2013	Common Stock	5,000

Reporting Owners

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

Signatures

/s/ Michael L. Shannon by Ginger Petty, Attorney-in-Fact	02/04/2013
**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 % of such option became exercisable on February 5, 2004, 2005, 2006 and 2007, respectively.

(2)   Delivery of shares to the Company to satisfy the purchase price to exercise 5,000 stock options.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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