

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 |
| Common Stock | 08/01/2005 | | S | | 700 | D | \$ 12.8 410,971 |
| Common Stock | 08/02/2005 | | M | | 13,250 | A | \$ 8.94 424,221 |
| Common Stock | 08/02/2005 | | S | | 13,250 | D | \$ 12.8 410,971 |
| Common Stock | 08/03/2005 | | M | | 7,050 | A | \$ 8.94 418,021 |

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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

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