SHANNON MICHAEL L

Form 4

February 21, 2012

FORM 4

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

SECURITIES

OMB 3235-0287

Check this box STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

Number: January 31, Expires: 2005

OMB APPROVAL

if no longer subject to Section 16. Form 4 or Form 5

obligations

Estimated average burden hours per response... 0.5

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 may continue.

30(h) of the Investment Company Act of 1940

1(b).

(Print or Type Responses)

See Instruction

1. Name and A SHANNON	Symbol	2. Issuer Name and Ticker or Trading Symbol KEY TECHNOLOGY INC [KTEC]				5. Relationship of Reporting Person(s) to Issuer (Check all applicable)				
(Last)	(First) (M	,	3. Date of Earliest Transaction (Month/Day/Year)			X Director		Owner		
C/O KEY T INC., 150 A	`	02/16/2012						er (specify		
			nendment, Date Original onth/Day/Year)				6. Individual or Joint/Group Filing(Check Applicable Line)			
WALLA W	ALLA, WA 9936	2					_X_ Form filed by One Reporting Person Form filed by More than One Reporting Person			
(City)	(State)	(Zip) Tabl	e I - Non-D	erivative S	Securi	ties Acq	quired, Disposed o	of, or Beneficial	ly Owned	
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transactic Code (Instr. 8)	on(A) or D (D) (Instr. 3,	ispose	d of 5) Price	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)	
Common Stock	02/16/2012		M/K	5,000	A	\$ 2.51	25,085	D		

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

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

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

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Derivative Security (Instr. 3)		Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	Execution Date, if any (Month/Day/Year)	Transaction Code (Instr. 8)	S. Number on of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	Expiration Date (Month/Day/Year)		Underlying Securitie (Instr. 3 and 4)	
					Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amour or Number of Shares
	Non-Statutory Stock Option	\$ 2.51	02/16/2012		M/K	5,000	<u>(1)</u>	02/20/2012	Common Stock	5,00

Reporting Owners

Reporting Owner Name / Address

Director 10% Owner Officer Other

SHANNON MICHAEL L C/O KEY TECHNOLOGY, INC. 150 AVERY STREET WALLA WALLA, WA 99362



3 Transaction Data 3A Danmad

Signatures

1 Title of

/s/ Michael L. Shannon by Ginger Petty, Attorney-in-Fact

02/21/2012

**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 20, 2003, 2004, 2005 and 2006, respectively.

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.

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