

KEY TECHNOLOGY INC  
Form S-8  
July 24, 2008

---

---

As filed with the Securities and Exchange Commission on July 24, 2008

Registration No. 333-\_\_\_\_\_

---

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM S-8  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

Key Technology,  
Inc.

---

(Exact name of registrant as specified in its charter)

Oregon  
(State or other jurisdiction of incorporation or  
organization)

93-0822509

(IRS Employer Identification No.)

150 Avery Street  
Walla Walla, Washington  
(Address of principal executive offices)

99362  
(Zip Code)

2003 Restated Employees' Stock Incentive Plan

---

(Full title of the plan)

David M. Camp  
150 Avery Street  
Walla Walla, Washington 99362

(509) 529-2161

---

(Name, address and telephone number of agent for service)

Copies to:

Thomas P. Palmer  
Tonkon Torp LLP  
1600 Pioneer Tower  
888 S.W. Fifth Avenue  
Portland, Oregon 97204  
(503) 221-1440

CALCULATION OF REGISTRATION FEE

Title of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee
Common Stock, no par value	200,000 shares(2)	\$32.31(3)	\$6,462,000.00	\$253.96

(1) There are also registered an undetermined number of additional shares of common stock that may become available for purchase in accordance with the provisions of the Key Technology 2003 Restated Employees' Stock Incentive Plan (the "Plan") in the event of any future change in the outstanding shares of common stock as a result of a stock dividend, stock split or similar adjustment.

(2) This filing registers an additional 200,000 shares of common stock of Key Technology, Inc. (the "Company") reserved for issuance under the Plan.

(3) The offering price of \$32.31 per share was the average of the high and low prices of the Company's common stock on July 21, 2008 on the Nasdaq Global Market. The aggregate offering price is estimated solely for the purposes of calculating the registration fee pursuant to Rule 457(h)(1) and Rule 457(c).

The reoffer prospectus contained in this Registration Statement is a combined prospectus pursuant to Rule 429(a) under the Securities Act of 1933 and relates to unsold shares, if any, that may be offered or sold by the selling shareholders named therein that were registered on registration statements filed on November 17, 2000 (Registration No. 333-50130) and September 23, 2005 (Registration No. 333-128512), each as amended by Post-Effective Amendment No. 1 to Form S-8 Registration Statements filed on September 11, 2007 (Registration No. 333-50130).

Explanatory Note

Key Technology, Inc. (the "Company") has prepared this Registration Statement (the "Registration Statement") in accordance with the requirements of Form S-8 under the Securities Act of 1933, as amended (the "Securities Act"), to register an additional 200,000 shares of common stock of the Company reserved for issuance under the Company's 2003 Restated Employees' Stock Incentive Plan (the "Plan"). The additional shares to be registered on this Registration Statement are of the same class as those securities covered by the Company's previously-filed registration statements on Form S-8 filed on November 17, 2000 (Registration No. 333-50130) and September 23, 2005 (Registration No. 333-128512), each as amended by Post-Effective Amendment No. 1 to Form S-8 Registration Statements filed on September 11, 2007 (Registration No. 333-50130) (collectively, the "Prior Registration Statements"). Pursuant to General Instruction E to Form S-8, this Registration Statement incorporates by reference the contents of the Prior Registration Statements, including reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that the Company has filed since the date of the Prior Registration Statements. Pursuant to Rule 429(b) under the Securities Act, this Registration Statement will also constitute Post-Effective Amendment No. 2 to Registration Statements Nos. 333-50130 and 333-128512.

This Registration Statement includes a reoffer prospectus prepared in accordance with General Instruction C of Form S-8 and in accordance with the requirements of Part I of Form S-3. The reoffer prospectus included in this Registration Statement is being filed herewith pursuant to General Instruction E of Form S-8. Pursuant to Rule 429(b) under the Securities Act, the reoffer prospectus is a combined prospectus which also relates to any unsold shares of common stock of the Company issued to the selling shareholders under the Plan and registered under the Prior Registration Statements. The reoffer prospectus may be used for reoffers of shares of restricted common stock defined as "control securities" and "restricted securities" under General Instruction C to Form S-8 (as that term is defined in Rule 144(a)(3) of the General Rules and Regulations under the Securities Act) pursuant to grants made under the Plan.

REOFFER PROSPECTUS

KEY TECHNOLOGY, INC.

54,697 Shares of Common Stock

This reoffer prospectus (the "prospectus" or "reoffer prospectus") is being used in connection with the offering from time-to-time by certain directors and officers of Key Technology, Inc. (the "selling shareholders") or their successors in interest of shares of restricted common stock (the "shares" or "common stock") of Key Technology, Inc. issued to or that may be issued to the selling shareholders pursuant to Key Technology's 2003 Restated Employees' Stock Incentive Plan (the "Plan"). The Plan was originally known as the 1989 Employees' Stock Option Plan. Its name was changed in 1996 to the 1996 Employees' Stock Option Plan, and in 2004 its name was changed to the 2003 Restated Employees' Stock Incentive Plan. Unless the context clearly indicates otherwise, the terms "we," "us," "our," "Key" or the "Company" refer to Key Technology, Inc. and its operating subsidiaries.

Shares of common stock offered by  
selling shareholders 54,697

Offering Price The shares will be sold from time-to-time by the selling shareholders or by their pledgees, donees, transferees or other successors in interest. Such sales may be made on the Nasdaq Global Market at prices and at terms then prevailing or at prices related to the then current market price, or in negotiated transactions. On July 21, 2008, the closing sales price of the Company's common stock on the Nasdaq Global Market was \$32.38 per share.

Nasdaq Global Market Symbol KTEC

---

The common stock involves a high degree of risk. See "Risk Factors" beginning on page 5.

---

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

---

The date of this prospectus is July 24, 2008.

TABLE OF CONTENTS

<u>PROSPECTUS SUMMARY</u>	6
<u>FORWARD-LOOKING INFORMATION</u>	8
<u>RISK FACTORS</u>	8
<u>THIS OFFERING</u>	10
<u>USE OF PROCEEDS</u>	10
<u>SELLING SHAREHOLDERS</u>	10
<u>PLAN OF DISTRIBUTION</u>	12
<u>LEGAL MATTERS</u>	12
<u>EXPERTS</u>	12
<u>DISCLOSURE OF COMMISSION POSITION ON INDEMNIFICATION FOR SECURITIES ACT</u>	12
<u>LIABILITIES</u>	12

---

This prospectus incorporates by reference important business and financial information about us that is not included in or delivered with this prospectus. You may request a copy of all documents that are incorporated by reference into this prospectus by writing or calling Key at the following address: Attention: Ronald L. Greenman, Secretary, Key Technology, Inc., 150 Avery Street, Walla Walla, Washington 99362, telephone (509) 529-2161. Copies of all documents requested will be provided without charge (not including the exhibits to those documents, unless the exhibits are specifically incorporated by reference into those documents or this prospectus).

Table of Contents

PROSPECTUS SUMMARY

This summary highlights selected information from this prospectus and may not contain all the information that is important to you. Before making an investment decision, you should read carefully the entire document, including the "Risk Factors" section and the information incorporated by reference.

Key Technology, Inc.

Key Technology, Inc., headquartered in Walla Walla, Washington, is a worldwide leader in the design and manufacture of process automation systems for the food processing and industrial markets. The Company's products integrate electro-optical inspection and sorting, specialized conveying and product preparation equipment, which allow processors to improve quality, increase yield and reduce cost. Key has manufacturing facilities in Washington, Oregon and the Netherlands, and worldwide sales and service coverage.

Our principal executive office is located at 150 Avery Street, Walla Walla, Washington 99362. Our telephone number is (509) 529-2161. Our website is located at <http://www.key.net>. Information contained on our website or any other website does not constitute a part of this prospectus.

Where You Can Find More Information

We are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In accordance with the Exchange Act, we file annual, quarterly and periodic reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC" or the "Commission"). You may inspect and copy any document we file at the SEC's public reference room at Room 1580, 100 F Street, N.E., Washington, D.C. 20549. You may also purchase copies of our filings by writing to the Public Reference Section of the SEC at Room 1580, 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. Our SEC filings are also available on the SEC's website at <http://www.sec.gov>.

Incorporation of Certain Documents by Reference

This prospectus is part of a Registration Statement on Form S-8 that the Company filed with the SEC in accordance with the requirements of Part I of Form S-3 and General Instruction C of the instructions to Form S-8. The SEC permits this filing to "incorporate by reference" information that the Company previously filed with the SEC. This means the Company can disclose important information to you by referring you to other documents that it has filed with the SEC. The information that is incorporated by reference is considered part of this prospectus, except for any information furnished to but not filed with the SEC. Information that the Company files later will automatically update and may supersede this information. For further

information about the Company and the securities being offered, you should refer to the Registration Statement and the following documents that are incorporated by reference:

- (a) The Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2007;
- (b) The Company's Quarterly Reports on Form 10-Q for the quarters ended December 31, 2007, and March 31, 2008;
- (c) The Company's Current Reports on Form 8-K filed on November 15, 2007, November 19, 2007, November 20, 2007, December 28, 2007, February 5, 2008, February 7, 2008, March 26, 2008, April 28, 2008, May 1, 2008, and May 8, 2008; and
- (d) The description of the Company's common stock contained in the Company's Registration Statement on Form 8-A filed with the Commission on May 24, 1993 by which the Company's common stock was registered under Section 12 of the Exchange Act, and the description of common stock incorporated therein by reference to the Registration Statement on Form S-1 (Registration No. 333-6194) filed with the Commission on May 24, 1993, as amended by Amendment No. 1 filed with the Commission on July 2, 1993 and Amendment No. 2 filed with the Commission on July 13, 1993, and declared effective on July 15, 1993, under the caption "Description of Capital Stock" therein.

All documents filed by the Company subsequent to those listed above with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act (other than any report or portion thereof furnished to but not filed with the SEC), prior to the filing of a post-effective amendment which indicates that all securities offered hereby have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference into this prospectus and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

You may request a copy of all documents that are incorporated by reference into this prospectus by writing or calling us at the following address and number: Attention: Ronald L. Greeman, Secretary, Key Technology, Inc., 150 Avery Street, Walla Walla, Washington 99362, telephone (509) 529-2161. We will provide copies of all documents requested without charge (not including exhibits to those documents, unless the exhibits are specifically incorporated by reference into those documents or this prospectus).



Table of Contents

FORWARD-LOOKING INFORMATION

This reoffer prospectus and the documents incorporated herein by reference contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Exchange Act, including without limitation, statements as to expectations, beliefs and strategies regarding the future. Such forward-looking statements may be included in, but are not limited to, press releases, oral statements made with the approval of an authorized executive officer of the Company, or various filings made by the Company with the SEC. These statements are only predictions that are based, in part, on assumptions involving judgments about future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Actual events or results may differ materially. In evaluating these statements, you should specifically consider various facts, including the risks outlined in the "Risk Factors" section. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We do not undertake to update any of the forward-looking statements after the date of this prospectus to conform these statements to actual results.

RISK FACTORS

An investment in our securities is speculative and involves a high degree of risk. You should carefully consider the risk factors described below, together with all of the other information in this prospectus, before making an investment decision. The trading price of our securities could decline due to any of these risks and uncertainties, and you may lose all or part of your investment.

Adverse economic conditions in the food processing industry, either globally or regionally, may adversely affect the Company's revenues.

The markets the Company serves, particularly the food processing industry, are experiencing variable economic conditions. The U.S. and European markets in the food processing industry are not growing and are experiencing consolidation. Additionally, varying consumer demand, product supply, and plant capacity, most notably in the potato market, could result in reduced or deferred capital equipment purchases for the Company's product lines. While the Company has reacted to these developments with applications directed to the growing fresh vegetable and fruit industries as well as the pharmaceutical and nutraceutical industries, loss of business, particularly in the potato industry, would have a negative effect on the Company's sales and net earnings.

Competition and advances in technology may adversely affect sales and prices.

The markets for the Company's products are highly competitive. Advances in technology may remove some barriers to market entry, enabling additional competitors to enter the Company's markets. Such additional competition could force the Company to reduce prices to remain competitive, and decrease the Company's profits, having a material adverse effect on the

Table of Contents

Company's business and financial condition. There can be no assurance that the Company will be able to continue to compete effectively in the future.

The Company's new products may not compete successfully in either existing or new markets.

The future success and growth of the Company is dependent upon its ability to develop, market, and sell products and services in certain food processing markets as well as to introduce new products into other existing and potential markets. There can be no assurance the Company can successfully penetrate these potential markets or expand into new international markets with its current or new products.

The limited availability and possible cost fluctuations of materials used in the Company's products could adversely affect the Company's business.

Certain of the components, subassemblies and materials for the Company's products are obtained from single sources or a limited group of suppliers. Although the Company seeks to reduce dependence on sole or limited source suppliers, the partial or complete loss of certain of these sources could have an adverse effect on the Company's results of operations and customer relationships. In addition, certain basic materials, such as stainless steel, are used extensively in the Company's product fabrication processes. Such basic materials may also be subject to worldwide shortages or price fluctuations related to the supply of or demand for raw materials, such as nickel, which are used in their production by the Company's suppliers. A significant increase in the price or decrease in the availability of one or more of these components, subassemblies or basic materials could also adversely affect the Company's results of operations. The high price of stainless steel worldwide in fiscal 2006 and 2007 resulted in higher component costs and reduced margins on certain product lines.

The inability to protect its intellectual property, especially as the Company expands geographically, may adversely affect the Company's competitive advantage.

The Company's competitive position may be affected by its ability to protect its proprietary technology. The Company has obtained certain patents and has filed a number of patent applications. The Company also anticipates filing applications for protection of its future products and technology. There can be no assurance that any such patents will provide meaningful protection for the Company's product innovations, or that the issuance of a patent will give the Company any material advantage over its competition in connection with any of its products. The Company may experience additional intellectual property risks in international markets where it may lack patent protection. The patent laws of other countries, such as China, may differ from those of the U.S. as to the patentability of the Company's products and processes. Moreover, the degree of protection afforded by foreign patents may be different from that of U.S. patents.

Table of Contents

Intellectual property-related litigation expenses and other costs resulting from infringement claims asserted against the Company by third parties may adversely affect the Company's results of operations and its customer relations.

The technologies used by the Company may infringe the patents or proprietary technology of others. In the past, the Company has been required to initiate litigation to protect its patents. The cost of enforcing the Company's patent rights in lawsuits that it may bring against infringers or of defending itself against infringement charges by other patent holders or other third parties, including customers, may be high and could have an adverse effect on the Company's results of operations and its customer relations.

THIS OFFERING

Certain selling shareholders may offer and sell, from time to time, up to 54,697 shares of our common stock. These shares of restricted stock were granted pursuant to the Plan to the selling shareholders after the filing of the Prior Registration Statements, but prior to the filing of the registration statement of which this prospectus is a part.

Shares of common stock may be issued under the Plan in amounts and to persons not presently known. Once the amounts and names are known, such persons, their holdings of common stock and certain other information may be included in a subsequent version of this prospectus.

We will pay the expenses of preparing this prospectus and the related registration statement. All brokerage commissions and other expenses incurred in connection with sales by the selling shareholders will be borne by such selling shareholders.

USE OF PROCEEDS

We will not receive any of the proceeds from the sale of the shares covered by this prospectus.

SELLING SHAREHOLDERS

The table below sets forth the following information regarding the beneficial ownership of common stock held by the selling shareholders as of June 30, 2008: (i) the name and position of each selling shareholder who may sell common stock pursuant to this prospectus; (ii) the number of shares of common stock owned by each selling shareholder as of the date above; (iii) the number of shares of common stock offered under this prospectus, which includes shares of restricted stock granted to the selling shareholders pursuant to the Plan that are no longer subject to restrictions or that may be subject to restrictions that have not yet lapsed; and (iv) the amount and percentage of common stock to be owned by each such selling shareholder if such selling shareholder were to sell all of the shares of common stock which may be offered pursuant to this prospectus.

Table of Contents

Name and Position of Selling Security Holder	Number of Shares Owned Prior to Offering(1)	Number of Shares to be Offered(2)	Number of Shares Owned/Percentage After Offering(3)
Charles H. Stonecipher, Chairman	17,308	1,727	15,581/*
David M. Camp, President and Chief Executive Officer, Director	45,114	21,602	23,512/*
John E. Pelo, Director	50,558	1,727	48,831/*
Michael L. Shannon, Director	157,308	1,727	155,581/2.76%
Donald A. Washburn, Director	38,508	1,727	36,781/*
Richard Lawrence, Director	2,389	1,727	662/*
John C. Boutsikaris, Senior Vice President of Sales and Marketing	21,415	4,147	17,268/*
James R. Brausen, Corporate Controller	4,626	2,750	1,876/*
John J. Ehren, Chief Financial Officer and Senior Vice President	7,217	7,217	0/*
Dennis T. Hopwood, Vice President of Human Resources	3,893	2,643	1,250/*
Craig T.J. Miller, Senior Vice President of Aftermarket and SYMETIX	24,065	2,663	21,402/*
James D. Ruff, Vice President of Research and Development	8,825	2,447	6,378/*
Saeed Tasbihgou, Managing Director of Key Technology B.V.	2,593	2,593	0/*
Total	383,819	54,697	N/A

\* Less than 1%

(1) For purposes of this table, the number of shares of common stock includes all shares of common stock that may be acquired upon the exercise of options or warrants that are exercisable within 60 days of the date of this prospectus.

(2) For purposes of this table, the number of shares of common stock offered includes the number of shares of restricted stock granted to the security holder under the Plan, regardless of whether the restrictions on such shares of restricted stock have lapsed. The number of shares of common stock offered does not include shares of common stock which may be acquired upon the exercise of options or shares of restricted stock that may be granted under the Plan in the future to the selling shareholders, which information is not currently known.

Table of Contents

(3) Applicable percentage of ownership is based on 5,630,719 shares of common stock outstanding on June 30, 2008.

PLAN OF DISTRIBUTION

The selling shareholders have not advised us of any specific plan for distribution of the shares offered hereby, but it is anticipated that the shares will be sold from time-to-time by the selling shareholders or by their pledgees, donees, transferees or other successors in interest. Such sales may be made over-the-counter or on the Nasdaq Global Market at prices and at terms then prevailing or at prices related to the then current market price, or in negotiated transactions. In addition, any securities covered by this prospectus which qualify for sale pursuant to Rule 144, promulgated under the Securities Act, may be sold under Rule 144 rather than pursuant to this prospectus. The shares may be sold by one or more of the following: (i) a block trade in which the broker or dealer so engaged will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction; (ii) purchases by a broker or dealer for its account pursuant to this prospectus; or (iii) ordinary brokerage transactions and transactions in which the broker solicits purchases. In effecting sales, brokers or dealers engaged by the selling shareholders may arrange for other brokers or dealers to participate. Brokers or dealers will receive commissions or discounts from the selling shareholders in amounts to be negotiated immediately prior to the sale. Such brokers or dealers may be deemed to be "underwriters" within the meaning of the Securities Act in connection with such sales, and any commission received by them and any profit realized by them on the resales of shares as principals may be deemed underwriting compensation under the Securities Act.

LEGAL MATTERS

The validity of the securities offered by this prospectus will be passed upon for the Company by Tonkon Torp LLP, Portland, Oregon. A member of Tonkon Torp LLP is the Secretary of the Company and owns 17,500 shares of the Company's common stock.

EXPERTS

The consolidated financial statements incorporated by reference into this prospectus and elsewhere in the Registration Statement of which this prospectus is a part have been incorporated by reference from the Company's Annual Report on Form 10-K, filed with the SEC on December 14, 2007, in reliance upon the reports of Grant Thornton LLP, independent registered public accountants, upon the authority of said firm as experts in accounting and auditing in giving said reports.

DISCLOSURE OF COMMISSION POSITION ON INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Company pursuant to the provisions described in Part II, Item 6 of the registration statement of which this reoffer prospectus forms a part, or otherwise, the Company has been advised that in the opinion of the

Table of Contents

SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

[This space is intentionally left blank.]

PART II  
INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

The contents of the Prior Registration Statements are incorporated herein by reference. All documents the Company has filed with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the filing of the Prior Registration Statements, but prior to the filing of a post-effective amendment which indicates that all securities offered hereby have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference into this Registration Statement and to be a part hereof from the date of filing of such documents. Nothing in this Registration Statement shall be deemed to incorporate by reference information furnished to but not filed with the Commission. Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

Item 5. Interests of Named Experts and Counsel.

A member of Tonkon Torp LLP, legal counsel to the Company, is the Secretary of the Company and owns 17,500 shares of the Company's common stock.

Item 6. Indemnification of Directors and Officers

The Oregon Business Corporation Act (the "Act") authorizes a corporation to indemnify an officer or director made party to a proceeding because the officer or director is or was an officer or director against liability (including amounts paid in settlement) incurred in the proceeding and against expenses with respect to the proceeding (including attorney's fees) if: (a) the conduct of the officer or director was in good faith, (b) the officer or director reasonably believed that his conduct was in the best interests of the corporation or at least not opposed to its best interests, (c) in the case of a criminal proceeding, the officer or director had no reasonable cause to believe his conduct was unlawful, (d) in the case of any proceeding by or in the right of the corporation, unless a court otherwise determines, if such officer or director shall not have been adjudged liable, and (e) in connection with any other proceeding charging improper personal benefit to the director or officer, unless a court otherwise determines, in which the director or officer was not adjudged liable on the basis that personal benefit was improperly received by the director or officer. The Company's Restated Articles of Incorporation, as amended, and Amended and Restated Bylaws allow the Company to indemnify officers and directors to the fullest extent permissible by law.

The Act further provides that the articles of incorporation of a corporation may provide that no director shall be personally liable to a corporation or its shareholders for monetary damages for conduct as a director, except that such provision does not eliminate the liability of a director (i) for any breach of the director's duty of loyalty to the corporation or its shareholders,

(ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law, (iii) for any unlawful distribution as defined under the Act, or (iv) for any transaction from which the director derived an improper personal benefit. The Company's Restated Articles of Incorporation, as amended, and Amended and Restated Bylaws provide that, to the fullest extent permitted by law, no director shall be personally liable to the Company or its shareholders for monetary damages for conduct as a director.

The Company has entered into indemnification agreements with each director and certain officers that indemnify them to the full extent authorized or permitted by the Act.

The Company has purchased directors' and officers' liability insurance. Subject to conditions, limitations and exclusions in the policy, the insurance covers amounts required to be paid for a claim or claims made against directors and officers for any act, error, omission, misstatement, misleading statement or breach of duty by directors and officers in their capacity as directors and officers of the Company.

Item 8. Exhibits.

The Exhibit Index immediately preceding the exhibits is incorporated herein by reference.

[This space is intentionally left blank.]



SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Walla Walla, State of Washington on July 24, 2008.

KEY TECHNOLOGY, INC.