ASTROTECH Corp \WA\
Form PREM14A
June 11, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)
Schedule 14A Information
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
Filed by the Registrant
Filed by a Party other than the Registrant
Check the appropriate box:

- Preliminary Proxy Statement

- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

- Definitive Proxy Statement

- Definitive Additional Materials

- Soliciting Material Pursuant to §240.14a-12

ASTROTECH CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)
Payment of Filing Fee (Check the appropriate box):

- No fee required.

- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1.

- Title of each class of securities to which transaction applies:

2.

- Aggregate number of securities to which transaction applies:

3.

- Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4.

- Proposed maximum aggregate value of transaction
  $61,000,000

5.

- Total fee paid:
  $7,856.80

- Fee paid previously with preliminary materials.

- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1.

- Amount Previously Paid:

2.

- Form, Schedule or Registration Statement No.:

3.

- Filing Party:

4.

- Date Filed:

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, 2014

To Our Shareholders:

I am pleased to invite you to attend a special meeting of the shareholders of Astrotech Corporation ("Astrotech" or the "Company"). The meeting will be held at on , 2014, at (Centr Time).

At the Special Meeting you will be asked to consider and vote on the following matters:

1.

- To approve the sale (the "Asset Sale") by Astrotech of substantially all of the property and assets related to or used in the Astrotech Space Operations ("ASO") business unit, which consists of (i) ownership, operation and maintenance of spacecraft processing facilities in Titusville, Florida and Vandenberg Air Force Base, California, (ii) supporting government and commercial customers processing complex communication, earth observation and deep space satellite launches, (iii) designing and building spacecraft processing equipment and facilities and (iv) providing propellant services including designing, building and testing propellant service equipment for fueling spacecraft ((i)-(iv) collectively, the "ASO Business") pursuant to the Asset Purchase Agreement by and between Lockheed Martin Corporation, Elroy Acquisition Company, LLC, Astrotech, Astrotech Space Operations, Inc. and Astrotech Florida Holdings, Inc., dated May 28, 2014 (the "Asset Purchase Agreement") as more fully described in the enclosed proxy statement (the "Asset Sale Proposal");

2.

- To approve, by non-binding advisory vote, certain compensation arrangements for Astrotech's named executive officers in connection with the Asset Sale (the "Golden Parachute Proposal" and, together with the Asset Sale Proposal, the "Proposals"); and

3.

- To transact such other business as may properly come before the Special Meeting as permitted under the Asset Purchase Agreement, and any postponements or adjournments thereof.

After careful consideration, the Board of Directors has unanimously determined that the Asset Sale and the terms and conditions of the Asset Purchase Agreement are advisable to, and in the best interests of, the Company and its shareholders. The Board of Directors recommends that you vote "FOR" the Asset Sale Proposal and the Golden Parachute Proposal. The Board of Directors has fixed the close of business on , 2014 as the record date for determining shareholders entitled to notice of, and to vote at, the Special Meeting.

The enclosed Notice of Special Meeting and Proxy Statement explain the Proposals and provide specific information concerning the Special Meeting. Please read these materials (including the annexes) carefully.

Your vote is very important, regardless of the number of shares you own. The Asset Sale Proposal must be approved by the holders of two-thirds (2/3) of the outstanding shares of Astrotech's common stock entitled to vote at the Special Meeting. The approval of the Golden Parachute Proposal requires the affirmative vote of the holders of a majority of the outstanding shares of our common stock that are present in person or represented by proxy at the Special Meeting.

Therefore, if you do not return your proxy card, submit a proxy via the Internet or by telephone or attend the Special Meeting and vote in person, it will have the same effect as if you voted "AGAINST" the Asset Sale Proposal. Broker non-votes, if any, will have the same effect as a vote "AGAINST" the Asset Sale Proposal. Only shareholders who owned shares of Astrotech's common stock at the close of business on , 2014, the record date for the Special M will be entitled to vote at the Special Meeting. To vote your shares, you may return your proxy card, submit a proxy via the Internet or by telephone or attend the Special Meeting and vote in person. Even if you plan to attend the Special Meeting, we urge you to promptly submit a proxy for your shares via the Internet or by telephone or by completing, signing, dating and returning the enclosed proxy card.

On behalf of the board of directors, thank you for your continued support.

Sincerely,

Thomas B. Pickens III

Chairman and Chief Executive Officer

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NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD , 2014
, 2014

To the Shareholders of Astrotech Corporation:

You are cordially invited to attend a Special Meeting of Shareholders (the "Special Meeting") for Astrotech Corporation (the "Company" or "Astrotech") to be held at on , 2014, at (Ce Time). Information about the meeting and the proposals to be considered are presented in this Notice of Special Meeting and the proxy statement on the following pages.

At the Special Meeting you will be asked to consider and vote on the following matters:

1.

- To approve the sale (the "Asset Sale") by Astrotech of substantially all of the property and assets related to or used in the Astrotech Space Operations ("ASO") business unit, which consists of (i) ownership, operation and maintenance of spacecraft processing facilities in Titusville, Florida and Vandenberg Air Force Base, California, (ii) supporting government and commercial customers processing complex communication, earth observation and deep space satellite launches, (iii) designing and building spacecraft processing equipment and facilities and (iv) providing propellant services including designing, building and testing propellant service equipment for fueling spacecraft ((i)-(iv) collectively, the "ASO Business") pursuant to the Asset Purchase Agreement by and between Lockheed Martin Corporation, Elroy Acquisition Company, LLC, Astrotech, Astrotech Space Operations, Inc. and Astrotech Florida Holdings, Inc., dated May 28, 2014 (the "Asset Purchase Agreement") as more fully described in the enclosed proxy statement (the "Asset Sale Proposal");

2.

- To approve, by non-binding advisory vote, certain compensation arrangements for Astrotech's named executive officers in connection with the Asset Sale (the "Golden Parachute Proposal" and, together with the Asset Sale Proposal, the "Proposals"); and

3.

- To transact such other business as may properly come before the Special Meeting as permitted under the Asset Purchase Agreement and any postponements or adjournments thereof.

The Board of Directors has fixed the close of business on , 2014 as the record date for determining shareholders entitled to notice of, and to vote at, the Special Meeting. The Asset Sale constitutes the sale of substantially all of the property and assets of Astrotech within the meaning of RCW 23B.12.020 of the Washington Business Corporation Act ("WBCA"). Consequently, pursuant to the WBCA, the Asset Sale Proposal requires the approval of shareholders owning two-thirds (2/3) of the outstanding shares of common stock of Astrotech.

Voting can be completed by returning the proxy card, through the telephone at 1-866-390-5376 or online at www.proxypush.com/ASTC. Only your latest-dated proxy card will count, and any proxy may be revoked at any time prior to its exercise at the Special Meeting as described in this Proxy Statement. Further detail can be found on the

proxy card and in the “Voting of Proxies” section included below.

Important notice regarding the availability of proxy materials of the shareholder meeting to be held on , 2014: t
proxy statement, Form 10-K and Form 10-Q are available at http:/ / www.astrotech.com/
investors/ proxy-statements.

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Thank you for your assistance in voting your shares promptly.

By Order of the Board of Directors,

Eric Stober

Chief Financial Officer, Treasurer and Secretary

YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU INTEND TO BE PRESENT AT THE SPECIAL MEETING, PLEASE MARK, SIGN, AND DATE THE ENCLOSED WHITE PROXY CARD AND RETURN IT IN THE ENCLOSED ENVELOPE, OR SUBMIT YOUR PROXY BY TELEPHONE OR ONLINE, TO ASSURE THAT YOUR SHARES ARE REPRESENTED AT THE SPECIAL MEETING. IF YOU ATTEND THE SPECIAL MEETING, YOU MAY VOTE IN PERSON IF YOU WISH TO DO SO, EVEN IF YOU HAVE PREVIOUSLY SUBMITTED YOUR PROXY.

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ASTROTECH NETWORKS, INC.
401 Congress Ave. Suite 1650
Austin, Texas 78701

PROXY STATEMENT
FOR
SPECIAL MEETING OF SHAREHOLDERS

, 2014

INTRODUCTION

This Proxy Statement is being furnished in connection with the solicitation of proxies by the Board of Directors of Astrotech Corporation (hereinafter "we," "us," "our," the "Company" or "Astrotech") for use at a Special Meeting of Shareholders to be held on (the "Special Meeting") at (Central Time) at , and any postponements or adjournments thereof. This Proxy Statement was first made available to shareholders on or about , 2014.

At the Special Meeting, our shareholders will consider and act upon the following matters:

1.

- To approve the sale (the "Asset Sale") by Astrotech of substantially all of the property and assets related to or used in the Astrotech Space Operations ("ASO") business unit, which consists of (i) ownership, operation and maintenance of spacecraft processing facilities in Titusville, Florida and Vandenberg Air Force Base, California, (ii) supporting government and commercial customers processing complex communication, earth observation and deep space satellite launches, (iii) designing and building spacecraft processing equipment and facilities and (iv) providing propellant services including designing, building and testing propellant service equipment for fueling spacecraft ((i)-(iv) collectively, the "ASO Business") pursuant to the Asset Purchase Agreement by and between Lockheed Martin Corporation ("Lockheed Martin"), Elroy Acquisition Company, LLC ("Buyer," and, together with Lockheed Martin, the "Buyer Companies"), Astrotech, Astrotech Space Operations, Inc. and Astrotech Florida Holdings, Inc., dated May 28, 2014 (the "Asset Purchase Agreement" and all defined terms used herein and not defined shall have the meanings ascribed to such terms in the Asset Purchase Agreement) as more fully described in the enclosed proxy statement (the "Asset Sale Proposal");

2.

- To approve, by non-binding advisory vote, certain compensation arrangements for Astrotech's named executive officers in connection with the Asset Sale (the "Golden Parachute Proposal" and, together with the Asset Sale Proposal, the "Proposals"); and

3.

- To transact such other business as may properly come before the Special Meeting as permitted under the Asset Purchase Agreement and any postponements or adjournments thereof.

Only shareholders of record as of , 2014 (the "Record Date") will be entitled to vote at the Special Meeting and postponements or adjournments thereof. As of that date, shares of our common stock, no par value, were outstanding and eligible to be voted. The holders of common stock are entitled to one vote per share on any proposal presented at the Special Meeting. Shareholders may vote in person or by proxy. Execution of a proxy will not in any way affect a shareholder's right to attend the Special Meeting and vote in person. Any proxy may be revoked by a shareholder at any time before it is exercised by delivery of a written revocation or a later executed proxy to the Secretary of the Company or by attending the Special Meeting and voting in person.

The costs of preparing, assembling and mailing this Proxy Statement and the other material enclosed and all clerical and other expenses of solicitation will be paid by Astrotech. In addition to the solicitation of proxies by use of the mails, directors, officers and employees of Astrotech, without receiving additional compensation, may solicit proxies by personal interview, mail, e-mail, telephone, facsimile or other means of communication. In addition, we have retained Morrow & Co., LLC to assist in the solicitation. We will pay Morrow & Co., LLC up to $10,000 plus out-of-pocket expenses for their assistance. We have also retained

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Morrow & Co., LLC to request brokerage houses and other custodians, nominees and fiduciaries to forward soliciting material to the beneficial owners of common stock held of record by such custodians and will reimburse such custodians for their expenses in forwarding soliciting materials.

These transactions have not been approved or disapproved by the SEC, and the SEC has not passed upon the fairness or merits of these transactions nor upon the accuracy or adequacy of the information contained in this Proxy Statement. Any representation to the contrary is unlawful.

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SUMMARY TERM SHEET

This summary highlights information included elsewhere in this Proxy Statement. This summary may not contain all of the information you should consider before voting on the Proposals presented in this Proxy Statement. You should read the entire Proxy Statement carefully, including the annexes attached hereto. For your convenience, we have included cross references to direct you to a more complete description of the topics described in this summary.

- The Asset Sale. We have agreed to sell the ASO Business, which constitutes substantially all of the assets related to or used in the Astrotech space operations business unit to Buyer, a wholly-owned subsidiary of Lockheed Martin, for $61 million in cash, subject to a working capital adjustment, and the assumption by Buyer of certain specified liabilities pursuant to the Asset Purchase Agreement. We will retain all of our other assets, including the assets related to our technology incubator designed to commercialize space-industry technologies (the "Spacetech Business"). We will also retain all of our other debts and liabilities, including expenses related to our remaining Spacetech Business and headquarters personnel, our remaining senior executives, certain corporate vendors and professional advisors. See "The Asset Sale Proposal — The Asset Purchase Agreement" beginning on page 34.

- Reasons for the Asset Sale. The domestic space industry is dominated by a few very large, well-capitalized companies with decades of experience and proven track records primarily serving government customers. Over the years, our attempts to grow Astrotech Space Operations were limited given this competitive landscape. Additionally, the portion of the space operations market that we serve continues to be challenged by uncertainty in government funding and support for key space programs. We believe that these factors affect the number of new opportunities for revenue growth in the ASO Business, and may influence revenue variability. We believe that the sale of the ASO Business to a strategic buyer represents a unique opportunity to sell the ASO Business to a sophisticated space industry consolidator that has made an attractive all-cash offer. Our board of directors' decision to enter into the Asset Purchase Agreement was based on a careful evaluation of the Company's strategic alternatives, including opportunities for the Spacetech Business going forward, and followed a strategic alternatives review process conducted over several years. See "The Asset Sale Proposal — Reasons for the Asset Sale" beginning on page 21.

- Opinion of Astrotech's Financial Advisor. In connection with the Asset Sale, Astrotech's financial advisor, Morgan Joseph TriArtisan LLC ("Morgan Joseph"), delivered to Astrotech's board of directors its opinion, dated May 27, 2014, as to the fairness, from a financial point of view and as of the date of the opinion, to Astrotech of the consideration of $61,000,000 in cash, subject to a working capital adjustment, to be received by Astrotech pursuant to the Asset Purchase Agreement. The full text of the opinion of Morgan Joseph, dated May 27, 2014, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as Annex C to this Proxy Statement and is incorporated herein by reference in its entirety. Morgan Joseph delivered its opinion to Astrotech's board of directors for the benefit and use of Astrotech's board of directors in connection with and for purposes of its evaluation from a financial point of view of the consideration to be received by Astrotech pursuant to the Asset Purchase Agreement. Morgan Joseph's opinion does not address any other aspect of the Asset Sale and does not constitute a recommendation to any shareholder as to how to vote with respect to the Asset Sale Proposal or any other matter. We encourage holders of our common stock to read the opinion carefully and in its entirety. See "The Asset Sale Proposal — Opinion of Financial Advisor Morgan Joseph TriArtisan LLC" beginning on page 24.

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  - Indemnification of Buyer. As set forth in the Asset Purchase Agreement, we have agreed to indemnify Buyer and certain of its related parties for any damages arising out of any breach of our representations or warranties or failure to perform any of our covenants or agreements in the Asset Purchase Agreement or other Transaction Documents, any retained liabilities (including our failure to fully or timely pay, satisfy or perform any of our retained liabilities), any fraud or willful misconduct by us in connection with the Asset Purchase Agreement or any of the other

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Transaction Documents, any liability for transfer taxes related to any period prior to the consummation of the Asset Sale, any criminal act or omission by us that occurred prior to the consummation of the Asset Sale and any claim by a holder of our common stock (or other equity interest) alleging a breach of fiduciary duty or that such holder is entitled to any payment in connection with the Asset Sale. Our aggregate indemnification liability for breaches of representations and warranties (other than certain Fundamental Representations, for which the limit is 50% of the purchase price) is limited to $6,100,000. See "The Asset Sale Proposal — The Asset Purchase Agreement — Indemnification of Buyer Companies" beginning on page 38.

- Escrow. We will enter into an Escrow Agreement with Buyer and Citibank, N.A., as escrow agent, upon the consummation of the Asset Sale, pursuant to which Buyer will deliver $6,100,000 from the purchase price into escrow for the purpose of securing our indemnification obligations set forth in the Asset Purchase Agreement and related transaction documents. See "The Asset Sale Proposal — The Asset Purchase Agreement — Escrow" beginning on page 38.

- Adjustment Holdback. On the date of closing of the Asset Sale, Buyer will withhold $1,830,000 from the purchase price for the purpose of securing any purchase price adjustment to be paid by us pursuant to a net working capital adjustment to be calculated in accordance with the terms of the Asset Purchase Agreement.

- Use of Proceeds. The proceeds from the Asset Sale will be used to pay off our outstanding indebtedness under our financing facility and repay to the Texas Emerging Technology Fund for the investment it made in 1st Detect, which is part of our Spacetech Business ("1st Detect"). In addition, we will pay for all costs related to the Asset Sale, including taxes, legal fees and filing fees. Finally, we will incur ongoing operating costs as we grow 1st Detect and other operations under our Spacetech Business. Our shareholders will not receive any of the proceeds from the Asset Sale. See "The Asset Sale Proposal — Activities of Astrotech Following the Asset Sale" on page 30.

- Conditions to the Asset Sale. Completion of the Asset Sale requires the approval of our shareholders as well as the satisfaction or waiver of customary conditions set forth in the Asset Purchase Agreement. See "The Asset Sale Proposal — The Asset Purchase Agreement — Conditions to the Asset Sale" beginning on page 46.

- Voting Agreement. Thomas B. Pickens III, our Chairman and Chief Executive Officer, has entered into a voting agreement with Buyer pursuant to which, subject to certain exceptions, he has agreed to vote all of his shares of our common stock in favor of the Asset Sale Proposal. Mr. Pickens beneficially own shares of our common stock representing approximately 20.0% in the aggregate of our shares of common stock outstanding as of the Record Date. See "The Asset Sale Proposal — Voting Agreement" beginning on page 51.

- Termination of the Asset Purchase Agreement. The Asset Purchase Agreement may be terminated by us or Buyer in certain circumstances, in which case the Asset Sale will not be completed. If the Asset Purchase Agreement is terminated due to a failure of our shareholders to approve the Asset Purchase Agreement, we

will be required to reimburse Buyer, subject to certain exceptions, for certain fees and expenses not to exceed $1,000,000 (“Buyer Expense Reimbursement”). If Buyer terminates the Asset Purchase Agreement because of a Change in Recommendation (as defined in this Proxy Statement), then we must pay Lockheed Martin a $2,440,000 termination fee within two business days following termination of the Asset Purchase Agreement. In addition, if we or Buyer terminates the Asset Purchase Agreement after the Special Meeting has been held because we failed to obtain the vote of two-thirds of our shareholders in favor of the Asset Sale Proposal and, prior to the termination, there has either been announced or otherwise communicated to our board of directors an Acquisition Proposal and we have entered into a definitive agreement with respect to such Acquisition Proposal or an Acquisition Transaction with respect to such Acquisition Proposal is consummated within 12 months of the termination, then we must pay Buyer a $2,440,000 termination fee (less any Buyer Expense Reimbursement paid) within two business days following the event giving rise to such payment. If we terminate the Asset Purchase Agreement during any time the Asset Purchase Agreement is

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otherwise terminable in a circumstance in which Lockheed Martin would be entitled to a payment of a termination fee, we must pay Lockheed Martin a $2,440,000 termination fee within two business days following such termination. If we terminate the Asset Purchase Agreement in order to enter into a Superior Proposal, then we must pay Lockheed Martin a $2,440,000 termination fee immediately prior to the termination of the Asset Purchase Agreement. See "The Asset Sale Proposal — The Asset Purchase Agreement — Termination of the Asset Purchase Agreement" beginning on page 48.

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- U.S. Federal Income Tax Consequences. Our U.S. shareholders will not realize any gain or loss for U.S. federal income tax purposes as a result of the Asset Sale. See "The Asset Sale Proposal — U.S. Federal Income Tax Consequences of the Asset Sale" beginning on page 30.

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE ASSET SALE

The following are some questions that you, as a shareholder of the Company, may have regarding the Special Meeting and the Proposals and brief answers to such questions. We urge you to carefully read this entire Proxy Statement, the annexes to this Proxy Statement and the documents referred to or incorporated by reference in this Proxy Statement because the information in this section does not provide all the information that may be important to you as a shareholder of the Company with respect to the Proposals. See "Where You Can Find More Information" beginning on page 74.

THE SPECIAL MEETING

Q.

- Why am I receiving this proxy statement and proxy card?

A.

- You are receiving a proxy statement and proxy card because you owned shares of our common stock as of the Record Date. This proxy statement and proxy card relate to our Special Meeting (and any adjournment thereof) and describes the matters on which we would like you, as a shareholder, to vote.

Q.

- When and where will the Special Meeting take place?

A.

- The Special Meeting will be held on , 2014 at at (Central Time).

Q.

- What is the purpose of the Special Meeting?

A.

- At the Special Meeting, you will be asked to vote upon the Asset Sale Proposal and the Golden Parachute Proposal.

Q.

- What is the Record Date for the Special Meeting?

A.

- Holders of our common stock as of the close of business on , 2014, the Record Date for the Special Me are entitled to notice of, and to vote at, the Special Meeting and any postponements or adjournments of the Special Meeting.

Q.

- What is the quorum required for the Special Meeting?

A.

- The holders of at least a majority of all issued and outstanding shares of common stock entitled to vote at the Special Meeting, whether present in person or represented by proxy, will constitute a quorum.

Q.

- What vote is required to approve the Proposals to be voted upon at the Special Meeting?

A.

- The approval of the Asset Sale Proposal requires the affirmative vote of the holders of two-thirds (2/3) of the outstanding shares of our common stock. The approval of the Golden Parachute Proposal requires the affirmative vote of the holders of a majority of the outstanding shares of our common stock that are present in person or represented by proxy at the Special Meeting.

Thomas B. Pickens III, our Chairman and Chief Executive Officer, who beneficially own shares of our common stock representing approximately 20.0% in the aggregate of our shares of common stock outstanding as of the Record Date, has entered into a voting agreement with Buyer pursuant to which, subject to certain exceptions, he has agreed to vote all of his shares of our common stock in favor of the Asset Sale Proposal. The form of voting agreement is attached to this Proxy Statement as Annex B.

Q.

- What are the effects of not voting or abstaining? What are the effects of broker non-votes?

A.

- If you do not vote by virtue of not being present in person or by proxy at the Special Meeting, it will have the effect of a vote “AGAINST” the Asset Sale Proposal. If you are present at the Special Meeting in person or by proxy but abstain from voting, it will have the effect of a vote “AGAINST” the Asset Sale Proposal. Broker non-votes, if any, will have the same effect as a vote “AGAINST” the Asset Sale Proposal.

Q.

- What does it mean if I received more than one proxy card?

A.

- If your shares are registered differently or in more than one account, you will receive more than one proxy card. Sign and return all proxy cards to ensure that all of your shares are voted.

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Q:

- How do I vote without attending the Special Meeting?

A:

- Because many Astrotech shareholders are unable to attend the Special Meeting, we solicit proxies to give each shareholder an opportunity to vote on all matters scheduled to come before the meeting as set forth in this Proxy Statement. Shareholders are urged to read carefully the material in this Proxy Statement and vote through one of the following methods:

1.

- Fully completing, signing, dating and timely mailing the proxy card;

2.

- Calling 1-888-457-2959 and following the instructions provided on the phone line; or

3.

- Accessing the internet voting site at www.proxyvoting.com/ASTC and following the instructions provided on the website.

Please keep your proxy card with you when voting via the telephone or internet. All votes via the telephone or internet must be submitted by p.m. (Eastern Time) on , 2014 in order to be counted. Each proxy card th executed, (b) timely received by the Company before or at the Special Meeting, and (c) not properly revoked by the shareholder pursuant to the instructions above will be voted in accordance with the directions specified on the proxy and otherwise in accordance with the judgment of the persons designated therein as proxies. If no choice is specified and the proxy is properly signed and returned, the shares will be voted by the Board appointed proxy in accordance with the recommendations of the Board of Directors.

Q:

- How do I vote in person at the Special Meeting?

A:

- If you are a shareholder of record of Astrotech as of the Record Date, you may attend the Special Meeting and vote your shares in person at the meeting by giving us a signed proxy card or ballot before voting is closed. If you want to do that, please bring proof of identification with you. Even if you plan to attend the meeting, we recommend that you vote your shares in advance as described above. Your vote will be counted even if you later decide not to attend.

If you hold your shares in “street name,” you may vote those shares in person at the meeting only if you obtain and bring with you a signed proxy from the necessary nominees giving you the right to vote the shares. To do this, you should contact your broker, bank or nominee.

Q:

- Can I change my vote after I have mailed in my signed proxy card?

A:

- Yes. Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before its use by delivering to Astrotech a written notice of revocation or a duly executed proxy bearing a date later than the date of the proxy being revoked, or by attending the Special Meeting and voting in person. Attending the Special Meeting will not, by itself, revoke the proxy. If your shares are held in the name of a broker or other nominee who is the record holder, you must follow the instructions of your broker or other nominee to revoke a previously given proxy.

Q:

- If my shares are held in “street name” by my broker, will my broker vote my shares for me?

A:

- Your broker or other nominee will vote your shares only if you provide instructions on how to vote to such broker or other nominee. Following the directions provided by your broker or other nominee, you should instruct your broker or other nominee to vote your shares. Without your instructions, your shares will not be voted, which will have the same effect as a vote “AGAINST” the Asset Sale Proposal and “AGAINST” the adjournment of the Special Meeting, if necessary, to solicit additional proxies.

Q:

- What is the procedure for soliciting proxies?

A:

- Astrotech will pay for the entire cost of proxy solicitations, including preparation, assembly, printing and mailing of proxy solicitation materials. Astrotech will provide copies of solicitation materials to banks, brokerage houses, fiduciaries and custodians holding in their names shares of our common stock, beneficially owned by others to forward these materials to the beneficial owners of common stock. Astrotech may reimburse persons representing beneficial owners of common stock for their costs of forwarding solicitation materials. Proxies may also be solicited by certain of Astrotech’s

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directors, officers and employees, without additional compensation, personally or by mail, email, telephone, facsimile or other means of communication. Astrotech has also retained a proxy solicitor, Morrow & Co., LLC, and estimates that fees for such solicitor will be approximately $10,000 plus expenses.

Q:

- What happens if I return a proxy card without giving specific voting instructions?

A:

- If you hold shares in your name and sign and return the proxy card without giving specific voting instructions, your shares will be voted as recommended by Astrotech's Board of Directors as follows, which is "FOR" the Asset Sale Proposal.

Q:

- What happens if I do not return a proxy card or otherwise do not vote?

A:

- Your failure to return a proxy card or otherwise vote will mean that your shares will not be counted toward determining whether a quorum is present at the Special Meeting and will have the legal effect of a vote "AGAINST" the Asset Sale Proposal and "AGAINST" the adjournment of the Special Meeting, if necessary, to solicit additional proxies.

Q.

- Who can help answer my other questions?

A.

- If you have more questions about the Proposals or how to submit your proxy, or if you need additional copies of this Proxy Statement or the enclosed proxy card or voting instructions, please contact Astrotech Corporation, Attn: Investor Relations, 401 Congress Avenue, Suite 1650, Austin Texas, 78701 (512) 485-9530 or the Company's Proxy Solicitor, Morrow & Co., LLC, 470 West Avenue — 3 rd Floor, Stamford, Connecticut 06902, (203) 658-9400 (banks and brokerage Firms) and toll free (800) 461-0945 (shareholders).

PROPOSAL NO. 1: THE ASSET SALE PROPOSAL

Q.

- Why did the Company enter into the Asset Purchase Agreement?

A.

- The domestic space industry is dominated by a few very large, well-capitalized companies with decades of experience and proven track records primarily serving government customers. Over the years, our attempts to grow Astrotech Space Operations were limited given this competitive landscape. Additionally, the portion of the space operations market that we serve continues to be challenged by uncertainty in government funding and support for key space programs. We believe that these factors will affect the number of new opportunities for revenue growth in the ASO Business, and may influence revenue variability. We believe that the Asset Sale Proposal represents a unique opportunity to sell the ASO Business to a sophisticated space industry

consolidator that has made an attractive all cash offer. Additionally, our board of directors' decision to enter into the Asset Purchase Agreement was based on a careful evaluation of the Company's strategic alternatives, the potential growth opportunities for the ASO Business and the potential growth opportunities for the Spacetech Business.

Q.

- What will happen if the Asset Sale Proposal is approved by our shareholders?

A.

- If the Asset Sale Proposal is approved by the requisite shareholder vote, and the other conditions to the consummation of the Asset Sale are satisfied or waived, we will sell all of our assets related to or used in the ASO Business to Buyer for cash and the assumption by Buyer of certain of our liabilities. We would retain all of our other debts and liabilities, including expenses related to our remaining Spacetech Business. In connection with consummation of the Asset Sale, we will also repay all of our indebtedness under our credit facilities and repay Texas Emerging Technology Fund for the investment it made in 1 st Detect. We are also obligated to pay applicable federal and state capital gains taxes. We also intend to continue to operate the holding company, Astrotech Corporation, and maintain its public reporting obligations and the listing of our common stock on the Nasdaq Capital Market under the symbol ASTC. Our primary operational focus will be on the continued development of our Spacetech Business.

In addition, on May 28, 2014, we entered into a Mutual Termination of Employment Agreement (the "Mutual Termination") with Don M. White, Senior Vice President and General Manager of Astrotech Space Operations. Under the Mutual Termination, the Company and Mr. White mutually agreed that both his employment and his October 31, 2008 employment agreement with the Company would each

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terminate effective as of the closing of the Asset Sale as a result of Mr. White's voluntary resignation. Mr. White will receive a $100,000 payment upon the closing of the Asset Sale, which amount represents Mr. White's annual bonus payment under his employment agreement for fiscal year 2014. On May 28, 2014, Mr. White also entered into two employment-related agreements with Buyer, one of which will provide certain cash retention payments to Mr. White in connection with his continued role with the ASO Business as an employee of Buyer following the Closing (the "Retention Agreement") and the other of which provides for certain cash severance payments to be made to Mr. White by Buyer with respect to the termination of his employment with Buyer under certain circumstances (the "Separation Agreement"). The Mutual Termination, the Retention Agreement and the Separation Agreement are all conditioned on the consummation of the Asset Sale and become effective as of the Closing date. See "The Asset Sale Proposal — Interests of Certain Persons in the Asset Sale" beginning on page 34 for a description of the compensatory agreements Buyer has entered into with one of our executive officers in connection with the Asset Sale.

Q.

- What will happen if the Asset Sale Proposal is not approved by our shareholders?

A.

- Pursuant to the terms of the Asset Purchase Agreement, if we fail to obtain a shareholder vote in favor of the Asset Sale Proposal, the Asset Sale will not occur and the Asset Purchase Agreement will be terminated. In addition, we will be required to reimburse Buyer, subject to certain exceptions, for certain fees and expenses not to exceed $1,000,000. If the Asset Purchase Agreement is terminated by us or the Buyer after the Special Meeting has been held because we failed to obtain the vote of two-thirds of our shareholders in favor of the Asset Sale Proposal and, prior to such termination, there has been announced or otherwise communicated to our board of directors an Acquisition Proposal and we have either entered into a definitive agreement with respect to such Acquisition Proposal or an Acquisition Transaction with respect to such Acquisition Proposal is consummated within 12 months of the termination, then we must pay Buyer a $2,440,000 termination fee (less any Buyer Expense Reimbursement paid) within two business days following the event giving rise to such payment.

Q.

- What is the purchase price to be received by the Company?

A.

- The consideration to be received by the Company in the Asset Sale is $61,000,000 in cash, subject to a working capital adjustment, and the assumption by Buyer of certain specified liabilities. On the date of closing of the Asset Sale, Buyer will withhold $1,830,000 from the purchase price for the purpose of securing any purchase price adjustment to be paid by us pursuant to a net working capital adjustment to be calculated in accordance with the terms of the Asset Purchase Agreement. In addition, Buyer will deposit $6,100,000 from the purchase price into escrow for the purpose of securing our indemnification obligations.

Q.

- What are the material terms of the Asset Purchase Agreement?

A.

- In addition to the cash consideration we will receive at the closing of the Asset Sale, the Asset Purchase Agreement contains other important terms and provisions, including:

- we have agreed to indemnify Buyer and certain of its related parties for any damages arising out of any breach of our representations or warranties or failure to perform any of our covenants or agreements in the Asset Purchase Agreement or other Transaction Documents, any retained liabilities (including our failure to fully or timely pay, satisfy or perform any of our retained liabilities), any fraud or willful misconduct by us in connection with the Asset Purchase Agreement or any of the other Transaction Documents, any liability for transfer taxes related to any period prior to the consummation of the Asset Sale, any criminal act or omission by us that occurred prior to the consummation of the Asset Sale and any claim by a holder of our common stock (or other equity interest) alleging a breach of fiduciary duty or that such holder is entitled to any payment in connection with the Asset Sale;

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- we have agreed that, upon the consummation of the Asset Sale, the Buyer will withhold $1,830,000 from the purchase price for the purpose of securing any purchase price adjustment to be paid by us in connection with any net working capital adjustment. In addition, we have agreed to enter into an Escrow Agreement with Buyer and Citibank, N.A., as Escrow Agent, upon the consummation of the Asset Sale, pursuant to which Buyer will deposit $6,100,000 from the purchase price for the purpose of securing our indemnification obligations.

- we have agreed to conduct the ASO Business in the ordinary course and are subject to certain other restrictions on the conduct of the ASO Business during the period prior to the completion of the Asset Sale;

- the obligations of Buyer and the Company to close the Asset Sale are subject to several closing conditions, including the approval of the Asset Sale Proposal by our shareholders;

- the Asset Purchase Agreement may be terminated by us or Buyer in certain circumstances, in which case the Asset Sale will not be completed;

- except as permitted by the Asset Purchase Agreement, we have agreed not to (A) solicit or knowingly encourage the making of any unsolicited bona fide written offer, proposal, inquiry or indication of interest (other than by Buyer) contemplating an Acquisition Transaction (an “Acquisition Proposal”), (B) furnish any non-public information regarding us, ASO or AFH to any person in connection with or in response to an Acquisition Proposal or (C) participate or engage in discussions or negotiations with any person with respect to any Acquisition Proposal. In addition, we have agreed, subject to the exceptions set forth in the Asset Purchase Agreement, not to withdraw or modify the recommendation of our board of directors that our shareholders vote to approve the Asset Sale Proposal at the Special Meeting, fail to announce publicly, within ten business days after a tender offer or exchange offer relating to our securities has commenced that our board of directors recommends rejection of such tender or exchange offer, fail to issue, within ten business days after an Acquisition Proposal is publicly announced, a press release announcing our opposition to such Acquisition Proposal or enter into any letter of intent, term sheet or similar document contemplating or otherwise relating to any Acquisition Transaction (each such event, a “Change in Recommendation”). In addition, we have agreed not to engage in any discussions or negotiations with, or provide information to, a third party that makes an unsolicited Acquisition Proposal, unless our board of directors determines in good faith (after consultation with its financial advisor and outside legal counsel) that such Acquisition Proposal constitutes, or is reasonably expected to result in, a Superior Proposal and, among other requirements, that such action is required in order for the board of directors to comply with its fiduciary obligations to Astrotech’s shareholders under applicable law.

Q.

- How would the proceeds from the Asset Sale be used?

A.

- The proceeds from the Asset Sale will be used to pay off our outstanding indebtedness under our financing facility and to repay Texas Emerging Technology Fund for the investment it made in 1st Detect. In addition, we will pay for all costs related to the transaction, including taxes, legal fees and filing fees. Finally, we will incur ongoing operating costs as we grow 1st Detect and other operations under our Spacetech Business. Our shareholders will not receive any of the proceeds from the Asset Sale. See “The Asset Sale Proposal — Activities of Astrotech Following the Asset Sale” on page 30.

Q.

- What does our board of directors recommend regarding the Asset Sale Proposal?

A.

- Our board of directors has determined that the terms and conditions of the Asset Purchase Agreement and the transactions contemplated thereby, including the Asset Sale, are advisable to, and in the best interests of, the Company and its shareholders. This determination was made by a unanimous vote of all of the members of our board of directors. Our board of directors recommends that you vote “FOR” the Asset Sale Proposal.

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Q.

- Do I have dissenters' rights in connection with the Asset Sale?

A.

- Holders of common stock of Astrotech have the right to dissent from the Asset Sale Proposal and to receive payment in cash for the fair value of their shares of Astrotech common stock. If you are an Astrotech shareholder seeking to preserve your statutory dissenters' rights, you must:

•

- deliver to Astrotech, before the vote is taken at the Special Meeting, written notice of your intent to demand payment of fair value for your Astrotech common stock if the Asset Sale is completed;

•

- not vote your shares of Astrotech common stock in person or by proxy in favor of the Asset Sale Proposal; and

•

- follow the statutory procedures for perfecting dissenters' rights under Washington law, which are described in the section entitled "The Asset Sale Proposal — Dissenters' Rights — Procedures to Exercise Dissenters' Rights" beginning on page 32.

Merely voting against the approval of the Asset Sale Proposal will not preserve your dissenters' rights. Chapter 23B.13 of the Washington Business Corporation Act is reprinted in its entirety and attached to this Proxy Statement as Annex D. Your failure to comply precisely with all procedures required by Washington law may result in the loss of your dissenters' rights.

Q.

- What are the U.S. federal income tax consequences of the Asset Sale to shareholders?

A.

- Our shareholders will not realize any gain or loss for U.S. federal income tax purposes as a result of the Asset Sale. See "The Asset Sale Proposal — U.S. Federal Income Tax Consequences of the Asset Sale" beginning on page 30.

Q.

- When is the closing of the Asset Sale expected to occur?

A.

- If the Asset Sale is authorized by our shareholders and all conditions to completing the Asset Sale are satisfied or waived, the closing of the Asset Sale is expected to occur shortly after the Special Meeting.

PROPOSAL NO. 2: THE GOLDEN PARACHUTE PROPOSAL

Q.

- Why am I being asked to cast a non-binding, advisory vote to approve the Golden Parachute Proposal?

A.

- In accordance with the rules promulgated under Section 14A of the Exchange Act of 1934, as amended (the "Exchange Act"), the Company is providing its shareholders with the opportunity to cast a non-binding, advisory vote on the compensation that will or may be payable to the Company's named executive officers in connection with the Asset Sale.

Q.

- What will happen if shareholders do not approve the Golden Parachute Proposal at the Special Meeting?

A.

- Approval of the Golden Parachute Proposal is not a condition to the consummation of the Asset Sale. The vote with respect to the Golden Parachute Proposal is an advisory vote and will not be binding on the Company or Buyer. Further, the underlying plans and arrangements are contractual in nature and are not, by their terms, subject to shareholder approval. Accordingly, regardless of the outcome of the non-binding, advisory vote, if the Asset Sale is approved by our shareholders and completed and the other terms and conditions of the applicable plans and arrangements are satisfied, our named executed officers will receive the golden parachute payments as disclosed in this Proxy Statement.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This proxy statement, and the documents to which we refer you in this proxy statement, contain forward-looking statements about our plans, objectives, expectations and intentions. Forward-looking statements include information concerning possible or assumed future results of operations of Astrotech (as a whole) and the ASO Business, the expected completion and timing of the Asset Sale and other information relating to the Asset Sale, including the value of the Spacetech Business. There are forward-looking statements throughout this proxy statement, including, among others, in statements containing the words “believes,” “expects,” “estimates,” “forecasts,” “seeks,” “may,” “will,” and “continu other similar words or expressions. You should read statements that contain these words carefully. They discuss our future expectations or state other forward-looking information, and may involve known and unknown risks over which we have no control, including, without limitation:

- the inability to complete the Asset Sale due to the failure to satisfy the conditions to closing of the Asset Purchase Agreement, including the failure to obtain shareholder approval;
- the occurrence of any event, change or other circumstances that could give rise to the termination of the Asset Sale;
- the failure of the Asset Sale to close for any other reason;
- the ability to recognize the benefits of the Asset Sale;
- the outcome of legal proceedings that may be instituted against us and others in connection with the Asset Sale and the Asset Purchase Agreement;
- the amount of the costs, fees, expenses and charges related to the Asset Sale;
- the effect of the announcement of the Asset Sale on our client relationships, operating results and businesses generally, including the ability to retain key employees; and
- our ability to successfully develop our Spacetech Business.

You should not place undue reliance on forward-looking statements. We cannot guarantee any future results, levels of activity, performance or achievements. All forward-looking statements contained in the proxy statement speak only as of the date of this proxy statement or as of such earlier date that those statements were made and are based on current expectations or expectations as of such earlier date and involve a number of assumptions, risks and uncertainties that

could cause the actual result to differ materially from such forward-looking statements. Except as required by law, we undertake no obligation to update or publicly release any revisions to these forward-looking statements or reflect events or circumstances after the date of this proxy statement.

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RISK FACTORS

In addition to the other information contained in this proxy statement, you should carefully consider the following risk factors relating to the Asset Sale before you decide whether to vote for the Asset Sale Proposal. You should also consider the information in our other reports on file with the SEC that are incorporated by reference into this Proxy Statement. See "Where You Can Find More Information" on page 74.

The announcement and pendency of the Asset Sale, whether or not consummated, may adversely affect our business.

The announcement and pendency of the Asset Sale, whether or not consummated, may adversely affect the trading price of our common stock, our business or our relationships with customers, suppliers and employees. In addition, pending the completion of the Asset Sale, we may be unable to attract and retain key personnel and our management's focus and attention and employee resources may be diverted from operational matters during the pendency of the Asset Sale.

In the event that the Asset Sale is not completed, the announcement of the termination of the Asset Purchase Agreement may also adversely affect the trading price of our common stock, our business or our relationships with customers, suppliers and employees.

We cannot be certain if or when the Asset Sale will be completed.

The consummation of the Asset Sale is subject to the satisfaction or waiver of various conditions, including the approval of the Asset Sale by our shareholders and the consent of certain of our contract counterparties to take assignment of their agreement to Buyer. We cannot guarantee that the closing conditions set forth in the Asset Purchase Agreement will be satisfied. If we are unable to satisfy the closing conditions in Buyer's favor or if other mutual closing conditions are not satisfied, Buyer will not be obligated to complete the Asset Sale.

If the Asset Sale is not completed and the Asset Purchase Agreement is terminated, we may be required to pay to Buyer the Buyer Expense Reimbursement or a termination fee, as described in "The Asset Sale Proposal — The Asset Purchase Agreement — Termination Fee" on page 49.

If the Asset Sale is not completed, our board of directors, in discharging its fiduciary obligations to our shareholders, will evaluate other strategic alternatives that may be available, which alternatives may not be as favorable to our shareholders as the Asset Sale. We may seek another purchaser for the ASO Business but we may not be able to find a purchaser willing to offer a reasonable purchase price for the ASO Business. Any future sale of substantially all of the assets of the Company or other transactions may be subject to further shareholder approval.

Certain of our executive officers and directors may have interests in the Asset Sale other than, or in addition to, the interests of our shareholders generally.

Certain of our executive officers and directors may have interests in the Asset Sale that are different from, or are in addition to, the interests of our shareholders generally. Our board of directors was aware of these interests and considered them, among other matters, in approving the Asset Purchase Agreement. See "The Asset Sale Proposal — Interests of Certain Persons in the Asset Sale" on page 34.

Because the ASO Business represented approximately 99% of our total revenues for fiscal year 2013, our business following the sale of the ASO Business will be substantially different.

The ASO Business represented approximately 99% of our total revenues for the fiscal year 2013. Following the sale of the ASO Business, we will retain the Spacetech Business. Our results of operations and financial condition may be materially adversely affected if we fail to effectively reduce our overhead costs to reflect the reduced scale of our operations or we fail to grow our Spactech Business and if the Spacetech Business were to operate at a loss.

Because our business will be smaller following the sale of the ASO Business, there is a possibility that our common stock may be delisted from The NASDAQ Capital Market if we fail to satisfy the continued listing standards of that market.

Even though we currently satisfy the continued listing standards for The NASDAQ Capital Market, following the sale of the ASO Business our business will be smaller, and therefore we may fail to satisfy the

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continued listing standards of The NASDAQ Capital Market. In the event that we are unable to satisfy the continued listing standards of The NASDAQ Capital Market, our common stock may be delisted from that market. Any delisting of our common stock from the NASDAQ Capital Market could adversely affect our ability to attract new investors, decrease the liquidity of our outstanding shares of common stock, reduce our flexibility to raise additional capital, reduce the price at which our common stock trades and increase the transaction costs inherent in trading such shares with overall negative effects for our shareholders. In addition, delisting of our common stock could deter broker-dealers from making a market in or otherwise seeking or generating interest in our common stock, and might deter certain institutions and persons from investing in our securities at all. For these reasons and others, delisting could adversely affect the price of our common stock and our business, financial condition and results of operations.

We will continue to incur the expenses of complying with public company reporting requirements following the closing of the Asset Sale.

After the Asset Sale, we will continue to be a public company. For as long as we remain a public company, we have an obligation to continue to comply with the applicable reporting requirements of the Exchange Act, which include the filing with the SEC of periodic reports, proxy statements and other documents relating to our business, financial condition and other matters, even though compliance with such reporting requirements is economically burdensome.

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THE SPECIAL MEETING

Time, Date and Place

The Special Meeting will be held on , 2014 at at (Central Time).

Proposals

At the Special Meeting, holders of shares of our common stock as of the Record Date will consider and vote upon the Asset Sale Proposal and the Golden Parachute Proposal.

Descriptions of the Proposals are included in this Proxy Statement. A copy of the Asset Purchase Agreement is attached as Annex A to this Proxy Statement.

Required Vote

The approval of the Asset Sale Proposal requires the affirmative vote of the holders of a two-thirds (2/3) of the outstanding shares of our common stock. You may vote "FOR," "AGAINST" or "ABSTAIN." Failures to vote, abstentions and broker non-votes, if any, will have the same effect as a vote "AGAINST" the Asset Sale Proposal. Thomas B. Pickens III, our Chairman and Chief Executive Officer, who beneficially own shares of our common stock representing approximately 20.0% in the aggregate of our shares of common stock outstanding as of the Record Date, has entered into a voting agreement with Buyer pursuant to which, subject to certain exceptions, he has agreed to vote all of his shares of our common stock in favor of the Asset Sale Proposal. The form of voting agreement is attached to this Proxy Statement as Annex B.

The approval of the Golden Parachute Proposal requires the affirmative vote of the holders of a majority of the outstanding shares of our common stock that are present in person or represented by proxy at the Special Meeting.

Record Date

Holders of our common stock as of the close of business on , 2014, the Record Date for the Special Meeting, ar entitled to notice of, and to vote at, the Special Meeting and any postponements or adjournments of the Special Meeting. On the Record Date, there were shares of common stock outstanding and entitled to vote at the Special Meeting and any postponements or adjournments of the Special Meeting. No other shares of capital stock were outstanding on the Record Date.

Ownership of Directors and Executive Officers

As of the Record Date, our directors and executive officers beneficially held approximately % in the aggregate of our shares of common stock entitled to vote at the Special Meeting, excluding options to purchase shares of our common stock. Thomas B. Pickens III, our Chairman and Chief Executive Officer, who beneficially own shares of our common stock representing approximately 20.0% in the aggregate of our shares of common stock outstanding as of the Record Date has entered into a voting agreement with Buyer pursuant to which, subject to certain exceptions, he has agreed to vote all of his shares of our common stock in favor of the Asset Sale Proposal. The form of voting agreement is attached to this Proxy Statement as Annex B.

Quorum and Voting

The representation in person or by proxy of holders of at least one-third (1/3) of the issued and outstanding shares of our common stock entitled to vote at the Special Meeting is necessary to constitute a quorum for the transaction of business at the Special Meeting.

Proxies; Revocation of Proxies

If you are unable to attend the Special Meeting, we urge you to submit your proxy by completing and returning the enclosed proxy card or vote your proxy via the Internet or by telephone. If your shares of common stock are held in "street name" (i.e., through a bank, broker or other nominee), you will receive

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instructions from your broker, bank or other nominee that you must follow in order to have your shares voted. If you elect to vote in person at the Special Meeting and your shares are held by a broker, bank or other nominee, you must bring to the Special Meeting a signed proxy from the broker, bank or other nominee authorizing you to vote your shares of common stock.

Unless contrary instructions are indicated on the proxy card, all shares of common stock represented by valid proxies will be voted “FOR” the Asset Sale Proposal and will be voted at the discretion of the persons named as proxies in respect of such other business as may properly be brought before the Special Meeting. As of the date of this Proxy Statement, our board of directors knows of no other business that will be presented for consideration at the Special Meeting other than the Asset Sale Proposal and the Golden Parachute Proposal.

You may revoke your proxy and change your vote at any time before the polls close at the Special Meeting by delivering to Astrotech a written notice of revocation or a duly executed proxy bearing a date later than the date of the proxy being revoked, or by attending the Special Meeting and voting in person. Attending the Special Meeting will not, by itself, revoke the proxy. If your shares are held in the name of a broker or other nominee who is the record holder, you must follow the instructions of your broker or other nominee to revoke a previously given proxy.

Adjournments

The Special Meeting may be adjourned by the holders of a majority in interest of the shares of our common stock present in person or represented by proxy and entitled to vote at the Special Meeting, including for the purpose of obtaining a quorum or soliciting additional proxies if there are insufficient votes to authorize the Asset Sale. Any adjournment may be made without notice (if the adjournment is not for more than one hundred twenty (120) days and a new record date is not fixed for the adjourned meeting), other than by an announcement made at the Special Meeting of the time, date and place of the adjourned meeting. Any adjournment will allow our shareholders who have already sent in their proxies to revoke them at any time prior to their use at the Special Meeting as adjourned.

Broker Non-Votes

Your broker or other nominee will vote your shares only if you provide instructions on how to vote to such broker or other nominee. Following the directions provided by your broker or other nominee, you should instruct your broker or other nominee to vote your shares. Uncast votes on non-routine matters are referred to as “broker non-votes.” Without your instructions, your shares will not be voted, which will have the same effect as a vote “AGAINST” the Asset Sale Proposal and “AGAINST” the adjournment of the Special Meeting, if necessary, to solicit additional proxies.

Solicitation of Proxies

We will pay for the entire cost of proxy solicitations, including preparation, assembly, printing and mailing of proxy solicitation materials. We will provide copies of solicitation materials to banks, brokerage houses, fiduciaries and custodians holding in their names shares of our common stock, beneficially owned by others to forward these materials to the beneficial owners of our common stock. We may reimburse persons representing beneficial owners of our common stock for their costs of forwarding solicitation materials. Proxies may also be solicited by certain of our directors, officers and employees, without additional compensation, personally or by mail, email, telephone, facsimile or other means of communication. Astrotech has also retained a proxy solicitor, Morrow & Co., LLC, and estimates that fees for such solicitor will be approximately $10,000 plus expenses.

Questions and Additional Information

If you have more questions about the Asset Sale Proposal or how to submit your proxy, or if you need additional copies of this Proxy Statement or the enclosed proxy card or voting instructions, please contact Astrotech Corporation, Attn: Investor Relations, 401 Congress Avenue, Suite 1650, Austin Texas, 78701 (512) 485-9530 or the Company’s Proxy Solicitor, Morrow & Co., LLC, 470 West Avenue — 3rd Floor, Stamford, Connecticut 06902, (203) 658-9400 (banks and brokerage firms) and toll free (800) 461-0945 (shareholders).

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PROPOSAL NO. 1: THE ASSET SALE PROPOSAL

The following discussion is a summary of the material terms of the Asset Sale. We encourage you to read carefully and in its entirety the Asset Purchase Agreement, which is attached to this Proxy Statement as Annex A, as it is the legal document that governs the Asset Sale.

General Description of the Asset Sale

If the Asset Sale is completed, Buyer would purchase all of our assets related to or used in the Astrotech Space Operations Business, which constitutes substantially all of Astrotech's assets, for $61,000,000 million in cash, subject to a working capital adjustment, and the assumption of certain liabilities.

Parties to the Asset Sale

Astrotech Corporation
401 Congress Avenue, Suite 1650
Austin, Texas 78701
(512) 485-9530

Astrotech Corporation (Nasdaq: ASTC) ("Astrotech," "the Company," "we," "us" or "our"), a State of Washington corporation is a commercial aerospace company that was formed in 1984 to leverage the environment of space for commercial purposes. For 30 years, the Company has remained a crucial player in space commerce activities. We have successfully supported the launch of 23 shuttle missions and more than 300 spacecraft. We have designed, operated and built space hardware and processing facilities. We currently own, operate and maintain world-class spacecraft processing facilities; prepare and process scientific research in microgravity and develop and manufacture sophisticated and cutting edge chemical sensor equipment.

Astrotech Space Operations, Inc. ("ASO")
1515 Chaffee Drive
Titusville, Florida 32780
(512) 485-9530

ASO, a wholly-owned subsidiary of Astrotech, provides support to its government and commercial customers as they successfully process complex communication, earth observation and deep space satellites in preparation for their launch on a variety of launch vehicles. Processing activities include satellite ground transportation; pre-launch hardware integration and testing; satellite encapsulation, fueling and launch pad delivery; and communication linked launch control. Our ASO facilities can accommodate up to five meter class satellites, which includes almost all U.S. based satellites. ASO's service capabilities include designing and building spacecraft processing equipment and facilities. In addition, ASO provides propellant services including designing, building and testing propellant service equipment for fueling spacecraft. ASO accounted for 97% and 99% of our consolidated revenues for the three and six months ended December 31, 2013, respectively. Revenue for our ASO business unit is generated primarily from various fixed-priced contracts with launch service providers in both government and commercial markets and from the design, fabrication and use of critical space launch equipment. The services and facilities we provide to our customers support the final assembly, checkout and countdown functions required to launch a spacecraft. The revenue and cash flows generated by ASO are primarily driven by the number of spacecraft launches.

Astrotech Florida Holdings, Inc. ("AFH")
1515 Chaffee Drive
Titusville, Florida 32780
(512) 485-9530

AFH is a wholly-owned subsidiary of ASO, established to hold the property assets of the Florida facility.

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Elroy Acquisition Company, LLC
6801 Rockledge Drive
Bethesda, Maryland 20817-1877
(301) 897-6000

Elroy Acquisition Company, LLC (“Buyer”) is a Delaware limited liability company and wholly-owned subsidiary of Lockheed Martin that was recently formed for the sole purpose of entering into the Asset Purchase Agreement and completing the transactions contemplated by the Asset Purchase Agreement.

Lockheed Martin
6801 Rockledge Drive
Bethesda, Maryland 20817-1877
(301) 897-6000

Lockheed Martin Corporation is a global security and aerospace company principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems and products. They also provide a broad range of management, engineering, technical, scientific, logistic and information services. They serve both domestic and international customers with products and services that have defense, civil and commercial applications, with their principal customers being agencies of the U.S. Government. Their main areas of focus are in defense, space, intelligence, homeland security and information technology, including cyber security.

Background of the Asset Sale

Our board of directors and members of our senior management team have regularly evaluated our business and operations, our long-term strategic goals and our future prospects. Our board of directors and members of our senior management team have also regularly reviewed and assessed conditions affecting the aerospace industry and the economy in general and the Company’s competitive market position. As part of its ongoing review of the Company and its prospects, our board of directors has also regularly reviewed various strategic alternatives available to the Company to enhance shareholder value, including among other things, possible acquisitions, strategic investments, asset sales and divestitures. In addition, from time to time, our senior management has met with financial and legal advisors, as well as representatives from other countries, to discuss industry trends and explore such opportunities.

In May 2009, the Company retained an investment banking firm to more actively explore strategic alternatives, including through discussions with a number of potential buyers and private equity firms to gauge the market interest in the ASO Business. In connection with these efforts, our investment banking firm contacted potential buyers and, upon execution of non-disclosure agreements, delivered information regarding the Company and the ASO Business to approximately 38 parties. On November 11, 2009, the Company received non-binding indications of interest from four parties. In December 2009, the Company conducted management presentations and engaged in discussions with these four parties, one of which we refer to as “Buyer A” as well as two other parties, one of which we refer to as “Buyer B”.

On February 4, 2010, the Company received a non-binding letter of intent from Buyer A, pursuant to which Buyer A proposed to acquire 100% of the stock of the Company for a total enterprise valuation of $60 million. Pursuant to the letter of intent, the acquisition would be financed with debt and equity, though obtaining financing would not be a condition to closing. The letter of intent requested a 60-day exclusivity period.

On February 4, 2010, the Company also received a letter of intent from Buyer B, pursuant to which Buyer B proposed to acquire 100% of the stock of the Company for a total enterprise valuation of $65 million. Pursuant to the letter of intent, the acquisition would be financed with debt and equity, and obtaining financing would be a condition to closing. The letter of intent from Buyer B also requested a 60-day exclusivity period.

From February 22-24, 2010, Buyer A’s diligence team conducted diligence at the Company headquarters in Austin. From February 25-26, 2010, Buyer B’s diligence team conducted diligence at the Company headquarters in Austin. On March 9, 2010, Buyer A and Buyer B both reaffirmed their original offers.

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On March 18, 2010, the Company received a revised letter of intent from Buyer B, pursuant to which Buyer B increased its total enterprise valuation of the Company to $72 million. In addition, Buyer B removed the obtaining of financing as a condition to closing.

On March 19, 2010, the Company delivered a counter-signed letter of intent to Buyer B triggering the exclusivity period with Buyer B. Thereafter, Buyer B participated in additional due diligence and engaged in additional discussions with senior management of the Company.

On April 28, 2010, Buyer B submitted a revised proposal pursuant to which it reduced its offer to $62.5 million.

Around May 2010, Buyer B officially withdrew from negotiations for the purchase of the ASO Business.

In October 2011, a representative from another potential buyer, which we refer to as Buyer C, expressed interest in the ASO Business to one of our board members. Upon execution of a non-disclosure agreement on October 11, 2011, we entered into discussions with Buyer C which continued for several months but did not result in an offer from Buyer C for the purchase of the ASO Business.

From 2012 to 2013, our board of directors and members of senior management continued to evaluate and discuss our strategic alternatives. Due to economic conditions during this time and certain events affecting the funding of government supported aerospace operations, we decided not to pursue the sale of the ASO Business until economic conditions improved.

On May 16 and May 17, 2013, our Chief Executive Officer met with the Chief Executive Officer of another company in the aerospace industry to discuss a potential sale of the ASO Business. The meeting was set up by a government affairs employee of the other aerospace company, who was also in attendance. After discussion, this company decided not to pursue the purchase of the ASO Business.

On September 19, 2013, we received approval from our board of directors to hire an investment banking firm to assist in our efforts to actively explore strategic alternatives for the ASO Business. We interviewed various investment banking firms but did not ultimately engage one.

On October 15, 2013, a representative from Lockheed Martin approached a member of our board of directors by email, followed by a telephone call, to discuss interest in a potential strategic acquisition of the ASO Business. This same day, another representative of Lockheed Martin spoke by telephone with our Chief Executive Officer, to express interest in a potential transaction and inform him that Lockheed Martin would be providing a mutual non-disclosure agreement for review.

On October 17, 2013, we executed the mutual non-disclosure agreement with Lockheed Martin.

On October 24, 2013, a representative of Lockheed Martin and our Chief Executive Officer held a conference call to discuss the process for evaluating Lockheed Martin’s interest in a potential strategic transaction.

On November 5, 2013, representatives of Lockheed Martin toured the ASO facility in Titusville, Florida and held an initial meeting with our senior management team. At the meeting, our senior management team provided an overview of the ASO Business. Following the meeting, Lockheed Martin was given access to an online dataroom prepared by the Company containing additional information regarding the Company and the ASO Business requested by Lockheed Martin.

On November 22, 2013, the Company received a non-binding indication of interest from Lockheed Martin, pursuant to which Lockheed Martin proposed to acquire of the ASO Business for consideration in the range of $50 million to $60 million in cash and the assumption of certain liabilities.

On November 25, 2013, the Company delivered a response to Lockheed Martin’s indication of interest, pursuant to which the Company proposed that the consideration for of the ASO Business be $75 million.

On November 27, 2013, a representative of Lockheed Martin and our Chief Executive Officer spoke by telephone to discuss the indication of interest and the response by the Company.

On December 18, 2013, representatives of the Company and Lockheed Martin met at Lockheed Martin’s headquarters in Bethesda, Maryland to continue discussions regarding a potential transaction involving the ASO Business, including the business case and the novation of contracts.

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On January 21, 2014, representatives of Lockheed Martin and our Chief Executive Officer spoke by telephone to further discuss the indication of interest.

On January 24, 2014, the Company received an updated non-binding indication of interest from Lockheed Martin, pursuant to which Lockheed Martin proposed to acquire all of the assets necessary to conduct the ASO Business for consideration of $59 million. Our board of directors received notice of Lockheed Martin's updated indication of interest on the same day.

On January 27, 2014, our board of directors held a meeting, at which members of the Company's senior management team participated and reviewed with the board of directors the terms of the indication of interest received from Lockheed Martin. The board of directors discussed the terms of the indication of interest, including pricing, risks of increases or decreases in such pricing and the execution risks and other potential factors and events that could affect the likelihood of closing a transaction with Lockheed Martin. The board of directors also discussed other potential strategic alternatives. After discussion, the board of directors determined, with the assistance of members of the Company's senior management team, to pursue a transaction with Lockheed Martin.

On January 27, 2014, following the meeting of the board of directors discussed above, the Company provided Lockheed Martin with a markup of the indication of interest, agreeing to the $59 million proposed purchase price for the ASO Business, but excluding certain deferred revenue items and accounts receivable.

On January 29, 2014, members of the Company's senior management team held a telephone conference call with representatives from Lockheed Martin to discuss the indication of interest and valuation of the ASO Business.

On January 31, 2014, the Company received an updated indication of interest from Lockheed Martin, pursuant to which Lockheed Martin increased the proposed consideration for the ASO Business to $61 million. The board of directors received notice of Lockheed Martin's updated indication of interest on the same day.

On February 5, 2014, the Company delivered a signed copy of the non-binding indication of interest to Lockheed Martin.

On February 7, 2014, the Company received a counter-signed copy of the non-binding indication of interest from Lockheed Martin.

Thereafter, Lockheed Martin participated in due diligence and engaged in additional discussions with senior management of the Company.

On March 25, 2014, representatives from Lockheed Martin visited the Company's facilities in Titusville, Florida and Vandenberg Air Force Base in California.

On April 13, 2014, Lockheed Martin and its legal advisor, Hogan Lovells US LLP ("Hogan") provided the Company and its legal advisor, Sheppard Mullin Richter & Hampton LLP ("Sheppard") with an initial draft Asset Purchase Agreement. During the period from April 24, 2014 through May 28, 2014, we and representatives of Sheppard exchanged drafts and mark-ups of the draft Asset Purchase Agreement and related agreements and the terms thereof with representatives of Lockheed Martin and Hogan, and engaged in telephonic negotiations relating thereto.

In April 2014, our board of directors and members of our senior management team also considered the engagement of a financial advisor. After consideration of three other financial advisors, our board of directors approved the engagement of Morgan Joseph because, among other reasons, Morgan Joseph has experience in the valuation of businesses and securities in connection with asset sales.

On May 22, 2014, Lockheed Martin obtained the necessary corporate approvals to execute the asset purchase agreement.

On May 27, 2014, our board of directors convened a special meeting, at which members of our senior management team and representatives of Sheppard and Morgan Joseph participated, to discuss the terms of the Asset Purchase Agreement, strategic alternatives to the proposed Asset Sale and the Company's

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business and operating strategy in light of the Asset Sale, including the growth of the Company's Spacetech Business. To facilitate these discussions, copies of the Asset Purchase Agreement and related ancillary agreements, along with a summary of the material terms of the Asset Purchase Agreement were circulated to our board of directors in advance of the meeting. At this meeting, a representative of Sheppard, in consultation with Washington counsel, reviewed with our board of directors its fiduciary duties under Washington law in connection with the proposed transactions and presented an overview of the material terms of the Asset Purchase Agreement and related agreements. At this meeting, representatives of Morgan Joseph also reviewed and discussed its analysis with respect to the Company and the proposed Asset Sale and, at the request of our board of directors, rendered its opinion to the effect that, as of May 27, 2014 and based on and subject to the assumptions made, procedures followed, factors considered and limitations on the review undertaken by Morgan Joseph as described in Morgan Joseph's opinion, the consideration of $61 million in cash to be received by the Company pursuant to the Asset Purchase Agreement was fair to the Company from a financial point of view. Our board of directors also reviewed the pros and cons of the Asset Sale, as set forth under "Reasons for the Asset Sale" below.

After further discussion, our board of directors unanimously approved the Asset Purchase Agreement and the transactions contemplated thereby, including the Asset Sale, subject to the resolution of the remaining issues to the satisfaction of the Company's senior management team, and declared that the Asset Purchase Agreement and the transactions contemplated thereby, including the Asset Sale, are advisable to, and in the best interests of, the Company and its shareholders, and recommended that the Company's shareholders vote to approve the Asset Purchase Agreement at a special meeting of the Company's shareholders.

On May 28, 2014, representatives of the Company and Lockheed Martin, together with their respective legal advisors, worked to finalize the Asset Purchase Agreement and related agreements.

On May 28, 2014, following the resolution of the remaining open items, our board of directors convened a special meeting, at which members of our senior management team and representatives of Sheppard participated, to discuss the resolution of the remaining issues. After discussion, the board of directors unanimously reconfirmed its approval of the Asset Purchase Agreement and the transactions contemplated thereby, including the Asset Sale and its recommendation that the Company's shareholders vote to approve the Asset Purchase Agreement.

Following final approval by our board of directors, the Seller Companies and the Buyer Companies executed and delivered the Asset Purchase Agreement, substantially in the form approved by our board of directors.

On May 29, 2014, before the opening of trading in the markets, the Company issued a press release announcing the definitive agreements relating to the transaction.

On May 29, 2014, before the opening of trading in the markets, Lockheed Martin issued a press release to announce the transaction.

Reasons for the Asset Sale

The domestic space industry is dominated by a few very large, well-capitalized companies with decades of experience and proven track records primarily serving government customers. Over the years, our attempts to grow Astrotech Space Operations were limited given this competitive landscape. Additionally, the portion of the space operations market that we serve continues to be challenged by uncertainty in government funding and support for key space programs. We believe that these factors will affect the number of new opportunities for revenue growth in the ASO Business, and may influence revenue variability. Our board of directors' decision to enter into the Asset Purchase Agreement was based on a careful evaluation of the Company's strategic alternatives, including opportunities for the Spacetech Business going forward, and followed a strategic alternatives review process conducted over several years. In arriving at its determination that the Asset Sale is advisable to, and in the best interests of, the Company and our shareholders and its recommendation that the Company's shareholders vote to approve the Asset Purchase Agreement, our board of directors considered the terms of the Asset Purchase Agreement, as well as other available strategic alternatives. As part of our board of directors' evaluation

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process, our board of directors considered the risks, timing and uncertainties of each strategic alternative available to the Company, as well as financial information prepared by our management. In reaching its determination, our board of directors consulted with our senior management team, as well as our outside legal and financial advisors, and considered a number of factors. These factors included, but are not limited to, the following factors which our board of directors viewed as supporting its determination:

- our board of directors' belief that the portion of the space operations market in which the Company operates continues to be challenged by uncertainty in government funding and support for key space programs, the industry is dominated by a few very large and well capitalized companies and that future revenue growth in the space operations market for a company our size may be limited given this competetive landscape;

- the financial analysis reviewed and discussed with our board of directors by representatives of Morgan Joseph, as well as the opinion of Morgan Joseph delivered to our board of directors on May 27, 2014 to the effect that, as of that date and based on and subject to the assumptions made, procedures followed, factors considered and limitations on the review undertaken by Morgan Joseph as described in Morgan Joseph's opinion, the consideration of $61 million in cash to be received by Astrotech pursuant to the Asset Purchase Agreement was fair to Astrotech from a financial point of view;

- the fact that the Company conducted a strategic alternatives review process that encompassed several years and that, in our board of directors' view, the terms of Lockheed Martin's proposal, as compared to other proposals received in the past, in the aggregate and taking into account the assets to be acquired and the liabilities to be assumed, were more favorable than the alternatives available to the Company;

- the terms and conditions of the Asset Purchase Agreement, in particular that:

- Astrotech may terminate the Asset Purchase Agreement, under certain circumstances, in order to accept a Superior Proposal and our board of directors may otherwise change its recommendation to act in a manner required in order for it to comply with its fiduciary duties (which may require the payment to Buyer of a $2,440,000 termination fee);

- Buyer's obligation to consummate the Asset Sale is not conditioned on Buyer obtaining financing and that certain of Buyer's financial obligations under the Asset Purchase Agreement are guaranteed by Lockheed Martin to the extent set forth in the Asset Purchase Agreement;

- Buyer agreed to assume certain obligations and liabilities;

- Astrotech's ability to engage in discussions and negotiations with, and provide information to, a third party that makes an unsolicited Acquisition Proposal, if our board of directors determines in good faith (after consultation with its financial advisor and outside legal counsel) that such Acquisition Proposal constitutes, or is reasonably expected to result in, a Superior Proposal and, among other requirements, that such action is required in order for it to comply with its fiduciary obligations;

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- the cash form of the consideration to be received in connection with the Asset Sale, in particular the certainty of value and liquidity of such cash consideration; and

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- Buyer has indicated that it will (i) make offers of employment to all active employees of the ASO Business as of the closing of the Asset Sale and all inactive employees of the ASO Business upon their return to active status, in each case, with base salary and eligibility for annual cash bonus compensation at least equal to that provided by Astrotech and (ii) provide such employees who become employed with Buyer following the closing of the Asset Sale with certain employee benefit plans and arrangements thereby relieving Astrotech of certain severance and other liabilities.

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- the Washington Business Corporation Act requires that the sale of all or substantially all of the Company's assets be approved by the affirmative vote of holders of two-thirds (2/3) of the outstanding shares of the Company's common stock entitled to vote, which ensures that the Asset Sale will not be completed without the support of a significant portion of our shareholders; and

- that, under the Washington Business Corporation Act, dissenters' rights are provided to holders of common stock of Astrotech in connection with the Asset Sale Proposal.

Our board of directors also considered certain risks or potentially adverse factors in making its determination and recommendation, including, but not limited to, the following:

- the risks and contingencies relating to the announcement and pendency of the Asset Sale and the risks and costs to the Company if the Asset Sale is not completed, including the effect of an announcement of termination of the Asset Purchase Agreement on the trading price of our common stock, our business and our relationships with customers, suppliers and employees;

- our ability to attract and retain key personnel and the risk of diverting management's focus and attention and employee resources from operational matters during the pendency of the Asset Sale;

- that the Asset Purchase Agreement obligates Astrotech to indemnify Buyer and certain of its related parties against certain damages;

- the requirement that Astrotech must pay to Lockheed Martin a reimbursement for fees and expenses not to exceed $1,000,000 if the Asset Purchase Agreement is terminated due to a failure of two-thirds of our shareholders to approve the Asset Purchase Agreement and the requirement that Astrotech must pay Lockheed Martin a termination fee of $2,440,000 in circumstances where: (i) Buyer terminates the Asset Purchase Agreement after a Change in Recommendation, (ii) Buyer terminates the Asset Purchase Agreement after the Special Meeting has been held because the Company failed to obtain the vote of two-thirds (2/3) of our shareholders in favor of the Asset Sale Proposal and prior to the termination, there has been announced or otherwise communicated to our board of directors an Acquisition Proposal and we have either entered into a definitive agreement with respect to such Acquisition Transaction or such Acquisition Transaction is consummated within 12 months of the termination, (iii) we terminate the Asset Purchase Agreement during any time the Asset Purchase Agreement is otherwise terminable by Buyer pursuant to clauses (i) and (ii), or (iv) we terminate the Asset Purchase Agreement in order to enter into a Superior Proposal;

- the terms of the Asset Purchase Agreement that place restrictions on our ability to consider competing acquisition proposals and to terminate the Asset Purchase Agreement and accept a Superior Proposal;

- the restrictions on the conduct of our business prior to the completion of the Asset Sale that require the Company to conduct the ASO Business in the ordinary course, which could delay or prevent Astrotech from undertaking certain business opportunities that may arise pending completion of the Asset Sale and the length of time between signing and closing when these restrictions are in place;

- the fact that our shareholders would lose the opportunity to realize potential business opportunities and possible future growth if the Company continued to operate the ASO Business;

- the possibility that certain of our current directors, officers and employees may resign prior to or as a result of the completion of the Asset Sale and that the Company may be unable to attract qualified replacement directors, officers and employees; and

- the fact that some of our directors and executive officers may have interests in the Asset Sale that are different from, or in addition to, the interests of our shareholders.

The foregoing discussion of the factors considered by our board of directors is not intended to be exhaustive, but rather includes material factors considered by the directors. Our board of directors also considered other factors, in deciding to approve, and unanimously recommending that our shareholders approve, the Asset Sale. In reaching its decision and recommendation to our shareholders, our board of

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directors did not quantify or assign any relative weights to the factors considered and individual directors may have given different weights to different factors. In addition, our board of directors did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to its ultimate determination, but rather conducted an overall analysis of the factors described above.

Recommendation of Our Board of Directors

Our board of directors has unanimously determined that the terms and conditions of the Asset Purchase Agreement and the transactions contemplated thereby, including the Asset Sale, are advisable to, and in the best interests of, Astrotech and its shareholders. This determination was made by a unanimous vote of all of the members of our board of directors. Our board of directors unanimously recommends that our shareholders vote “FOR” the approval of the Asset Sale Proposal.

Opinion of Financial Advisor, Morgan Joseph TriArtisan LLC

Morgan Joseph was engaged to evaluate the fairness, from a financial point of view to Astrotech, of the consideration to be received by the Company in the Asset Sale Proposal. Morgan Joseph was selected among three other potential financial advisors and was selected because, among other reasons, Morgan Joseph has experience in the valuation of businesses and securities in connection with asset sales.

At the May 27, 2014 meeting of the board of directors of the Company (the “Board”), Morgan Joseph provided its opinion that, as of such date and based upon and subject to various qualifications and assumptions described with respect to its opinion, the consideration to be received by the Company in the Asset Sale Proposal was fair, from a financial point of view to Astrotech. Morgan Joseph’s opinion, which is addressed to the Board, is directed only to the fairness to Astrotech, from a financial point of view, of the consideration to be received in the Asset Sale Proposal. The opinion was prepared solely for the information of the Board for its use in connection with its consideration of the Asset Sale Proposal and was not intended to be, and does not constitute, a recommendation to any shareholder of the Company as to how that shareholder should vote or act with respect to the Asset Sale Proposal.

A copy of Morgan Joseph’s written opinion, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations of the scope of review undertaken by Morgan Joseph in rendering its opinion, is attached to this Proxy Statement as Annex C and is incorporated into this Proxy Statement by reference. The summary of the opinion of Morgan Joseph set forth in this document is supplemented by reference to the full text of such opinion and describes only material provisions of the opinion. Shareholders are urged to, and should, carefully read Morgan Joseph’s opinion in its entirety. Morgan Joseph was not requested to opine as to, and its opinion does not address, the relative merits of the Asset Purchase Agreement or the Asset Sale Proposal or any alternatives to such transaction, the Company’s underlying decision to proceed with or effect the Asset Sale Proposal, or any other aspect of the Asset Sale Proposal.

In conducting its analysis and arriving at its opinion, Morgan Joseph reviewed and analyzed, among other things, the following:

- A draft of the Asset Purchase Agreement dated May 21, 2014;
- The Annual Reports on Form 10-K filed by the Company with the U.S. Securities and Exchange Commission (the “SEC”) with respect to its fiscal years ended June 30, 2013, the Quarterly Report on Form 10-Q filed by the Company with the SEC with respect to its fiscal quarters ended March 31, 2014, and certain other Exchange Act filings made by the Company with the SEC;
- Certain other publicly available business and financial information concerning ASO and the industries in which it operates, which it believes to be relevant to our analyses;

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  - With respect to ASO, certain information prepared internally by the Company, including certain budgets, forecasts and presentations prepared by the Company, which were provided to it by the Company's senior management;

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- Certain publicly available information concerning certain companies engaged in businesses which it believed to be generally relevant to ASO and the trading markets for certain of such companies' securities; and,

- The financial terms of certain recent unrelated transactions which it believed to be relevant.

Morgan Joseph also discussed with certain officers and employees of the Company and ASO the business, operations, assets, present condition and prospects of ASO and undertook such other studies, analyses and investigations as Morgan Joseph deemed appropriate.

In arriving at its opinion, with the Board's express permission and without any independent verification, Morgan Joseph has assumed and relied upon the accuracy and completeness of all financial and other information and data publicly available, provided to, or otherwise reviewed by or discussed with Morgan Joseph, and upon the assurances of the managements of the Company, the Company's subsidiaries and their respective affiliates that no information relevant to Morgan Joseph's opinion has been omitted or remains undisclosed to Morgan Joseph. Morgan Joseph did not attempt to independently verify any such information or data nor did Morgan Joseph assume any responsibility to do so. With respect to ASO, Morgan Joseph has further assumed, with the Company's permission, that the Company's forecasts and projections provided to and reviewed by Morgan Joseph have been reasonably prepared based upon the best current estimates, information and judgment of the Company's management as to the future financial condition, cash flows and results of operations of ASO; but subject to such adjustment as Morgan Joseph deemed appropriate. Morgan Joseph made no independent investigation of and expressed no view on any legal, accounting or tax matters affecting the Company, and Morgan Joseph assumed the correctness of all legal, accounting and tax advice provided to the Board by the Company's management and professional advisors. Morgan Joseph did not conduct a physical inspection of any of the properties, assets or facilities of ASO, nor did it make or obtain any recent independent valuation or appraisal thereof. Although Morgan Joseph took into account its assessment of general economic, market and financial conditions and its experience in transactions that, in whole or in part, it deemed to be relevant for purposes of its analyses as well as its experience in the valuation of securities in general, its opinion necessarily was based upon and limited to economic, financial, political, regulatory and other domestic and international events and conditions as they existed and were susceptible to evaluation as of the date thereof. Morgan Joseph assumed no responsibility to update, revise or reaffirm its opinion based upon any events or circumstances occurring or continuing after the date of its opinion.

In rendering its opinion, Morgan Joseph assumed that the Asset Sale Proposal would be consummated in all respects in accordance with the financial, economic and other material terms specified in the draft Asset Purchase Agreement. Morgan Joseph expressed no opinion as to the underlying business decision regarding the Asset Sale Proposal, and Morgan Joseph's opinion does not constitute a recommendation to the Company, the Board, the shareholders or any other person or entity as to any specific action that should be taken (or omitted to be taken) in connection with a transaction with ASO.

In arriving at its opinion, Morgan Joseph was not authorized to solicit, and did not solicit, interest from any party with respect to a merger, business combination or other extraordinary transaction involving ASO, nor did it negotiate with any parties with respect to such potential transaction.

Summary of Financial Analyses Conducted by Morgan Joseph

The following is a summary of the material financial analyses underlying Morgan Joseph's opinion, dated May 27, 2014 and delivered to the Board at its meeting of that date in connection with its consideration of the Asset Sale Proposal. The order of the analyses described below does not represent the relative importance or weight given to those analyses by Morgan Joseph or by the Board. Considering such data without considering the full narrative description of the financial analyses could create a misleading or incomplete view of Morgan Joseph's financial analyses.

The description below explains Morgan Joseph's methodology for evaluating the fairness, from a financial point of view to Astrotech, of the consideration to be received in the Asset Sale Proposal. No company or transaction used in the analyses described below was deemed to be identical to ASO Business or the Asset Sale Proposal and the summary set forth below does not purport to be a complete description of all the analyses or data presented by Morgan Joseph.

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Although each analysis was provided to the Board, in connection with arriving at its opinion, Morgan Joseph considered all of its analyses as a whole and did not attribute any particular weight to any analysis or factor described below, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. This summary of financial analyses includes information presented in tabular format. In order to fully understand the financial analyses used by Morgan Joseph, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. The analyses listed in the tables and described below must be considered as a whole; considering any portion of such analyses and of the factor considered, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying Morgan Joseph's fairness opinion.

Selected Publicly Traded Company Analysis

Morgan Joseph compared certain operating and valuation information for ASO to certain publicly available operating and valuation information for fifteen selected companies operating in the aerospace industry, as follows:

The Boeing Company
Lockheed Martin Corporation
Airbus Group N.V.
General Dynamics Corp.
Raytheon Co.
Northrop Grumman Corporation
L-3 Communications Holdings, Inc.
Rockwell Collins Inc.
Thales SA
Moog Inc.
Exelis Inc.
MacDonald Dettwiler & Associates Ltd.
Orbital Sciences Corp.
OHB AG
Calian Technologies Ltd.

In its analysis, Morgan Joseph derived a range of trading multiples for the selected companies, including, but not limited to, enterprise value ("EV") as a multiple of latest twelve months' ("LTM") Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") for the most recently reported twelve-month period, EV as a multiple of estimated 2014 calendar year ("CY2014") EBITDA, and EV as a multiple of the average EBITDA for actual calendar year 2013 and CY2014 and estimated calendar year 2015 ("3 Yr. Avg."), calculated as follows:

Enterprise Value, which Morgan Joseph defined as market value of common equity on a diluted basis (including outstanding warrants, options and restricted stock units) plus the par value of total debt including out-of-the-money convertible debt, capitalized leases and preferred stock (on an as converted basis, if applicable) minus cash, cash equivalents and marketable securities, divided by EBITDA which excludes one-time charges.

Although none of the selected companies is directly comparable to ASO in all respects, they were chosen because they have operations, lines of business and/or product segments that for purposes of analysis may be considered similar to certain of ASO's operations, lines of business and/or product segments.

The financial information reviewed by Morgan Joseph included trading multiples exhibited by the selected companies with respect to their LTM financial performance, CY2014 financial performance, and 3 Yr. Avg. financial performance. All trading multiples for the selected companies were based upon closing stock prices as of May 22, 2014. The table below provides a summary of these trading multiples:

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Multiple	Mean	Median	High	Low
Enterprise Value/LTM EBITDA	9.0x	9.4x	15.5x	5.5x
Enterprise Value/CY2014 EBITDA	8.4x	8.7x	11.5x	5.5x
Enterprise Value/3 Yr. Avg. EBITDA	8.5x	8.9x	12.4x	5.4x

Selected Historical Transactions Analysis

Morgan Joseph analyzed certain publicly available information relating to the following selected acquisitions:

Announced	Target Company	Acquirer Company
August 26, 2013	Globecomm Systems Inc.	Wasserstein & Co.
January 7, 2013	EnergySolutions, Inc.	Energy Capital Partners
January 10, 2012	Remmele Engineering, Inc.	RTI International Metals, Inc.
January 9, 2012	UFC Aerospace Corp.	B/E Aerospace
April 4, 2011	Engineering Solutions & Products	Berkshire Partners
April 4, 2011	LaBarge, Inc.	Ducommun Inc.
April 1, 2011	SRA International, Inc.	Providence Equity Partners

For each of the selected transactions, Morgan Joseph calculated the multiple of latest twelve months' EBITDA. The following table summarizes the results:

Multiple	Mean	Median	High	Low
Transaction Value/LTM EBITDA	8.3x	8.4x	11.1x	5.7x

Although none of the these companies is directly comparable to ASO they were chosen for various reasons, including dependence on government funding processes, involvement in aerospace or satellite businesses or having product or service offerings with limited technological input.

Discounted Cash Flow Analysis

Using ASO's projected financial information for fiscal years 2015 through 2019, Morgan Joseph calculated the net present values of ASO's free cash flows using discount rates ranging from 16.5% to 19.5%. Morgan Joseph's estimate of the appropriate range of discount rates was based on the estimated cost of equity and pre-tax cost of debt based on ASO's assumed target debt-to-capital structure, as well as assumptions regarding interest rates, historical market risk premiums, size premiums and marginal tax rates. Morgan Joseph also estimated a range of terminal values for ASO based on EBITDA in 2019 applying multiples that ranged from 5.5x to 6.5x and discounted these terminal values using the assumed range of discount rates. The present values of the implied terminal values of ASO were then added to the present value of the after-tax unlevered free cash flows to arrive at a range of enterprise values.

Leveraged Buyout Analysis

Using ASO's projected financial information for fiscal years 2015 through 2019, Morgan Joseph performed a leveraged buyout analysis to determine the potential implied enterprise value that might be achieved in an acquisition in a leveraged buyout transaction assuming an exit from the business in 2019. Estimated exit values were calculated by applying a range of exit value multiples of EBITDA from 6.5x to 7.5x. Morgan Joseph then derived a range of theoretical purchase prices based on assumed required internal rates of return for a buyer ranging from 23% to 25%, which was, in Morgan Joseph's professional judgment, generally reflective of the minimum required internal rate of return commonly assumed when performing a leveraged buyout analysis of this type.

Additional Considerations

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. Morgan Joseph believes that its analyses must be considered as a whole and that selecting portions of its analyses, without considering the analyses taken as a whole, would

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create an incomplete view of the process underlying the analyses set forth in its opinion. In addition, Morgan Joseph considered the results of all such analyses and did not assign relative weights to any of the analyses, but rather made qualitative judgments as to significance and relevance of each analysis, so the ranges of valuations resulting from any particular analysis described above should not be taken to be Morgan Joseph's view of the actual value of ASO.

In performing its analyses, Morgan Joseph made numerous assumptions with respect to industry performance, general business, economic and regulatory conditions and other matters, many of which are beyond the Company's control. The analyses performed by Morgan Joseph are not necessarily indicative of actual values, trading values or actual future results which might be achieved, all of which may be significantly more or less favorable than suggested by such analyses. Such analyses were provided to the Board and were prepared solely as part of Morgan Joseph's analysis of the fairness, from a financial point of view, of the consideration to be received in connection with the Asset Sale Proposal. The analyses do not purport to be appraisals or to reflect the prices at which companies may actually be sold, and such estimates are inherently subject to uncertainty. The opinion of Morgan Joseph was one of many factors taken into consideration by the Board in making its determination to approve the Asset Sale Proposal. Consequently, the analyses described above should not be viewed as determinative of the opinion of the Company, management or the Board with respect to the value of ASO.

The Company placed no limits on the scope of the analysis performed, or opinion expressed, by Morgan Joseph. Morgan Joseph did not perform a liquidation analysis.

Although some analyses performed may imply an enterprise value higher than the price being offered in the Asset Sale Proposal, in reaching its conclusion, Morgan Joseph considered the results of all of the other analyses Morgan Joseph performed. Morgan Joseph believes that its analyses must be considered as a whole and that selecting portions of its analyses, without considering all analyses, would create an incomplete and potentially inaccurate view of the process underlying its opinion.

Morgan Joseph's opinion was necessarily based upon market, economic, financial and other circumstances and conditions existing and disclosed to it on May 27, 2014, and any material change in such circumstances and conditions may affect Morgan Joseph's opinion, but Morgan Joseph does not have any obligation to update, revise or reaffirm that opinion.

For services rendered in connection with the delivery of its opinion, the Company paid Morgan Joseph a fee of $250,000 prior to the delivery of its opinion. The fee was not contingent on Morgan Joseph's determination as to the fairness of the Asset Sale and there is no contingency fee payable to Morgan Joseph upon consummation of the Asset Sale. The Company also agreed to reimburse Morgan Joseph for its expenses incurred in connection with its services, including legal fees and disbursements, and will indemnify Morgan Joseph against certain liabilities arising out of its engagement.

Morgan Joseph is actively involved in the investment banking business and regularly undertakes the valuation of investment securities in connection with public offerings, private placements, business combinations and similar transactions. In the ordinary course of business, Morgan Joseph may trade in our securities for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities.

Prospective Financial Information

We do not as a matter of course make public projections as to future revenues, gross profit, EBITDA or other results due to, among other reasons, business volatility and the uncertainty of the underlying assumptions and estimates. However, we are including selected prospective financial information with respect to the ASO Business in this Proxy Statement to provide our shareholders with access to certain non-public unaudited projected financial information that was made available to our board of directors and Morgan Joseph in connection with the Asset Sale.

The unaudited prospective financial information was not prepared with a view toward public disclosure, and the inclusion of this information should not be regarded as an indication that either we or Morgan Joseph or any other recipient of this information considered, or now considers, the information to be predictive of actual future results. The selected prospective financial information is not being included in

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this Proxy Statement to influence our shareholders' decision whether to vote in favor of Asset Sale Proposal, but because it represents prospective financial information prepared by our management that was used for purposes of the financial analyses performed by our financial advisor and that was presented to our board of directors on an "as if" basis as an alternative to the Asset Sale.

The unaudited prospective financial information was not prepared with a view toward complying with GAAP, the published guidelines of the SEC regarding projections or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. This non-GAAP financial data, which has been prepared and presented in accordance with Company Accounting Policies and Practices, should be considered in addition to, not as a substitute for or a more appropriate indicator of, operating results, cash flows, or other measures of financial performance prepared in accordance with GAAP. Neither our independent registered public accounting firm, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the unaudited prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability. Our Annual Report on Form 10-K for the fiscal year ended June 30, 2013, which is incorporated by reference into this Proxy Statement and includes the report of our independent registered public accounting firm, relates to our historical financial information. Such report does not extend to the unaudited prospective financial information and should not be read to do so.

The unaudited prospective financial information does not take into account any circumstances or events occurring after May 1, 2014, the date such information was prepared. We have made publicly available our actual results of operations for the fiscal year ended June 30, 2013 and the Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2014. Shareholders are urged to read our Annual Report on Form 10-K for the fiscal year ended June 30, 2013 and Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2014, which are incorporated by reference into this Proxy Statement, to obtain this information. The unaudited prospective financial information does not give effect to the Asset Sale.

The following table presents selected unaudited prospective financial information prepared by the Company as of May 1, 2014 for the fiscal years ending 2014 through 2019:

	Fiscal Year Ended June 30 (in millions)					
	2014	**2015**	**2016**	**2017**	**2018**	**2019**
Total Revenue	$ 16.4	$ 25.3	$ 23.3	$ 30.1	$ 25.8	$ 32.4
Gross Profit	$ 5.4	$ 14.0	$ 11.7	$ 17.7	$ 13.4	$ 19.3
EBITDA	$ 6.7	$ 15.1	$ 12.8	$ 18.9	$ 14.6	$ 20.5

Although presented with numeric specificity, the unaudited prospective financial information reflects numerous estimates and assumptions with respect to the domestic space operations market. All of these assumptions are difficult to predict and many are beyond our control. The unaudited prospective financial information was prepared solely for internal use and is subjective in many respects. As a result, although this information was prepared by our management based on estimates and assumptions that management believed were reasonable at the time, there can be no assurance that the prospective results will be realized or that actual results will not be significantly higher or lower than estimated. Since the unaudited prospective financial information covers multiple years, such information by its nature becomes less predictive with each successive year.

Readers of this Proxy Statement are cautioned not to place undue reliance on the unaudited prospective financial information set forth above. Shareholders are urged to review our Annual Report on Form 10-K for the fiscal year ended June 30, 2013 and Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2014 and future SEC filings for a description of risk factors with respect to our business. No representation is made by the Company, Buyer or any other person to any shareholder regarding the ultimate performance of the Company compared to the unaudited prospective financial information. No representation was made by the Seller Companies to Buyer in the Asset Purchase Agreement concerning this information.

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Except as required by applicable securities laws, we do not intend to update or otherwise revise the prospective financial information to reflect circumstances existing after the date when made or to reflect the occurrence of future events, even in the event that any or all of the assumptions underlying such prospective financial information are no longer appropriate.

Activities of Astrotech Following the Asset Sale

If the Asset Sale is completed, all of our assets related to or used in the ASO Business will be sold, and Buyer will be the sole beneficiary of any future earnings from those assets.

The proceeds from the Asset Sale will be used to pay off our outstanding indebtedness under our financing facility and to repay Texas Emerging Technology Fund for the investment it made in 1st Detect. In addition, we will pay for all costs related to the transaction, including taxes, legal fees and filing fees. Finally, we will incur ongoing operating costs as we grow 1st Detect and other operations under our Spacetech Business. Additionally, while we expect to continue to sell mass spectrometer units as we continue to expand the commercialization of our 1st Detect technology, we also plan to sell data analytic and predictive analytic solutions that will be available real-time in the Cloud.

To date, 1st Detect's miniaturized mass spectrometer has been in a research and development phase. With our first commercial contract announced on January 29, 2014, with Rigaku, our goal is to position 1st Detect to grow and become a profitable component of the Company's business. As 1st Detect transitions into manufacturing, capital will be required for market specific R&D, full scale manufacturing, inventory and marketing. While we have identified and started to approach our target markets, with the additional capital, we will have the ability to more aggressively penetrate the following target markets:

- Pharmaceutical manufacturing
- Semiconductor manufacturing
- Chemical processing
- Food & beverage manufacturing
- Environmental
- Airport security
- Military
- Water & wastewater

- First responders
- Healthcare
- Critical infrastructure

Astrotech Corporation, our corporate structure, our public reporting obligations and the listing of our common stock on the NASDAQ Capital Market under the symbol ASTC will not be affected as a result of completing the Asset Sale. If the Asset Sale is completed, we will retain any debts and liabilities of Astrotech Corporation not repaid or assumed by Buyer pursuant to the Asset Purchase Agreement, including expenses related to our remaining Spacetech Business. If the Asset Sale is completed, Astrotech will receive the consideration pursuant to the Asset Purchase Agreement.

U.S. Federal Income Tax Consequences of the Asset Sale

The following discussion is a general summary of the anticipated U.S. federal income tax consequences of the Asset Sale. The following discussion is based upon the Code, its legislative history, currently applicable and proposed Treasury regulations under the Code and published rulings and decisions, all as currently in effect as of the date of this Proxy Statement, and all of which are subject to change, possibly

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with retroactive effect. Tax considerations under state, local and non-U.S. laws, or federal laws other than those pertaining to income tax, are not addressed in this Proxy Statement. The following discussion has no binding effect on the Internal Revenue Service (the "IRS") or the courts.

The proposed Asset Sale is a taxable transaction for U.S. federal income tax purposes, and Astrotech anticipates that we will realize a taxable gain for U.S. federal income tax purposes as a result of the Asset Sale. However, we have accumulated tax loss carryforwards to offset a significant portion of those gains. The determination of such gain on the Asset Sale and what extent Astrotech's tax attributes will be available is highly complex and is based in part upon facts that will not be known until the completion of the Asset Sale. Therefore, the proposed Asset Sale will generate a U.S. federal income tax liability to Astrotech, and any such tax liability will reduce the after-tax cash proceeds of the Asset Sale available to the Company.

The proposed Asset Sale by Astrotech is entirely a corporate action. Our shareholders will not realize any income, gain or loss for U.S. federal income tax purposes solely as a result of the Asset Sale.

Accounting Treatment of the Asset Sale

The Asset Sale will be accounted for as a "sale" by Astrotech, as that term is used under generally accepted accounting principles, for accounting and financial reporting purposes.

Government Approvals

We believe that the notification and waiting period requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act") do not apply to the Asset Sale and that we will not be required to make any filings with the Department of Justice's Antitrust Division or the Federal Trade Commission ("FTC") under the HSR Act. However, the FTC and the Antitrust Division frequently scrutinize the legality under the antitrust laws of transactions such as the Asset Sale. At any time before or after the consummation of the Asset Sale, the FTC or the Antitrust Division could take such action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the transaction or seeking the divestiture of substantial assets of Lockheed Martin, Astrotech or their respective subsidiaries. Private parties, state attorneys general or foreign governmental entities may also bring legal action under antitrust laws under certain circumstances. Based upon an examination of information available relating to the businesses in which Lockheed Martin, Astrotech and their respective subsidiaries are engaged, the parties believe that the Asset Sale will not violate the antitrust laws. Nevertheless, there can be no assurance that a challenge to the Asset Sale on antitrust grounds will not be made or, if such a challenge is made, what the result would be.

We believe we are not required to make any material filings or obtain any material governmental consents or approvals before the consummation of the Asset Sale. If any approvals, consents or filings are required to consummate the Asset Sale, we will seek or make such consents, approvals or filings as promptly as possible.

Dissenters' Rights

The following is a brief summary of the rights of holders of Astrotech common stock to dissent from the Asset Sale under Washington law and receive cash payment of the "fair value" of their shares. This summary is not a complete discussion of the law pertaining to dissenters' rights and you should carefully read all of Chapter 23B.13 of the Washington Business Corporation Act, or WBCA, which sets forth dissenters' rights under Washington law and is attached to this Proxy Statement as Annex D.

If you are contemplating the possibility of dissenting from the Asset Sale, you should carefully review the text of Annex D, particularly the procedural steps required to perfect dissenters' rights, which are complex. You should also consult your legal counsel. If you do not fully and precisely satisfy the procedural requirements of the WBCA, you will lose your dissenters' rights.

The following summary of dissenters' rights is qualified in its entirety by the full text of Annex D. The following summary does not constitute any legal or other advice, nor does it constitute a recommendation that Astrotech shareholders exercise their dissenters' rights under WBCA Chapter 23B.13.

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Requirements for Exercising Dissenters' Rights

To exercise dissenters' rights, you must:

- deliver to Astrotech, before the vote is taken at the Special Meeting, written notice of your intent to demand payment for your Astrotech common stock if the Asset Sale is completed;
- not vote your shares of Astrotech common stock, in person or by proxy, in favor of approving or "FOR" the Asset Sale Proposal; and
- comply with the dissenters' rights procedures described below under "Dissenters' Rights — Procedures to Exercise Dissenters' Rights."

If you do not satisfy each of these requirements, and the Asset Sale Proposal is approved at the Special Meeting, you will not be entitled to receive the "fair value" of your shares of Astrotech pursuant to WBCA Chapter 23B.13. Unless contrary instructions are indicated on the proxy card, all shares of common stock represented by valid proxies will result in such shares being voted "FOR" the Asset Sale Proposal and will result in a waiver of your statutory dissenters' rights. In addition, voting "AGAINST" or "ABSTAIN" with respect to the Asset Sale Proposal will not satisfy the notice requirement referred to above with respect to dissenters' rights. To satisfy such notice requirements, you must also deliver the written notice of the intent to exercise dissenters' rights to Astrotech at its principal office, 401 Congress Avenue, Suite 1650, Austin, Texas, 78701, Attention: Chief Financial Officer.

Procedures to Exercise Dissenters' Rights

Within ten (10) days after the consummation of the Asset Sale, Astrotech will deliver written notice to all shareholders who have delivered written notice under the dissenters' rights provisions and who have not voted in favor of the approval and adoption of the Asset Sale agreement as described above. The notice will contain:

- the address where the demand for payment and certificates representing shares of Astrotech common stock must be sent and the date by which the certificates must be deposited;
- any restrictions on transfer of uncertificated shares that will apply after the demand for payment is received;
- a form for demanding payment that states the date of the first announcement to the news media or to shareholders of the terms of the Asset Sale, and that requires certification of the date the shareholder, or the beneficial owner on whose behalf the shareholder dissents, acquired beneficial ownership of the Astrotech common stock;
- the date by which Astrotech must receive the payment demand; and

- a copy of Chapter 23B.13 of the WBCA, which is also attached to this proxy statement/prospectus as Annex D.

If you wish to assert dissenters' rights, you must demand payment by returning the form that Astrotech will supply to you, certify that you acquired beneficial ownership of the shares before the first announcement of the terms of the Asset Sale to the news media or shareholders, and deposit your Astrotech common stock certificates by the date set forth in the notice. Astrotech may restrict the transfer of uncertificated shares as of the date demand for payment is received. If you fail to make a demand for payment and deposit your Astrotech common stock certificates by the required date, you will lose the right to receive fair value for your shares under the dissenters' rights provisions, even if you filed a timely notice of intent to demand payment.

If Astrotech does not consummate the Asset Sale within sixty (60) days after the date set for demanding payment and depositing share certificates, Astrotech will return all deposited certificates and release any transfer restrictions on uncertificated shares. If Astrotech does not return the deposited

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common stock certificates and release any transfer restrictions on uncertificated shares within sixty (60) days after the date set, you may notify Astrotech in writing of your estimate of the fair value of your Astrotech common stock plus the amount of interest due and demand payment of your estimated amount.

Except as provided below, within thirty (30) days of the later of the consummation of the Asset Sale or Astrotech's receipt of a valid demand for payment, Astrotech will remit to each dissenting shareholder who complied with the dissenters' rights requirements of the WBCA the amount Astrotech estimates to be the fair value of the shareholder's Astrotech common stock, plus accrued interest. Astrotech will include the following information with the payment:

- annual and interim period financial statements relating to Astrotech;
- Astrotech's estimate of the fair value of the shares and a brief description of the method used to reach that estimate;
- an explanation of how the interest was calculated;
- a statement that a dissenting shareholder can demand payment if such shareholder is dissatisfied with Astrotech's estimate of the fair value of the dissenting shares; and
- a copy of Chapter 23B.13 of the WBCA.

For dissenting shareholders who were not the beneficial owners of the shares of Astrotech common stock before May 29, 2014, the date of the first announcement to news media or Astrotech shareholders of the terms of the Asset Sale, Astrotech may withhold payment and instead send a statement setting forth its estimate of the fair value of their shares and offering to pay such amount, with interest, as a final settlement of the dissenting shareholder's demand for payment. The offer will be accompanied by an explanation of how Astrotech estimated fair value and calculated interest and a statement of the shareholder's rights if dissatisfied with the payment offer.

If Astrotech fails to make payment or consummate the Asset Sale and return deposited certificates and release transfer restrictions on uncertificated shares within sixty (60) days after the date set for demanding payment, or if you are dissatisfied with your payment or offer for payment, you may, within thirty (30) days of the payment or offer, notify Astrotech in writing of your estimate of fair value of your shares and the amount of interest due and demand payment of your estimate. If any dissenting shareholder's demand for payment is not settled within 60 days after receipt by Astrotech of his or her payment demand, Section 23B.13.300 of the WBCA requires that Astrotech commence a proceeding in Thurston County Superior Court and petition the court to determine the fair value of the shares and accrued interest, naming all the dissenting shareholders whose demands remain unsettled as parties to the proceeding. The court may appoint one or more appraisers to receive evidence and make recommendations to the court as to the amount of the fair value of the shares. If the court determines that the fair value of the shares is in excess of any amount remitted by Astrotech, then the court will enter a judgment for cash in favor of the dissenting shareholders in an amount by which the value determined by the court, plus interest, exceeds the amount previously remitted.

The court will determine the costs and expenses of the court proceeding and assess them against Astrotech, except that the court may assess part or all of the costs against any dissenting shareholders whose actions in demanding payment are found by the court to be arbitrary, vexatious or not in good faith. If the court finds that Astrotech did not

substantially comply with the relevant provisions of Sections 23B.13.200 through 23B.13.280 of the WBCA, the court may also assess against Astrotech any fees and expenses of attorneys or experts that the court deems equitable. The court may also assess those fees and expenses against any party if the court finds that the party has acted arbitrarily, vexatiously or not in good faith in bringing the proceedings. The court may award, in its discretion, fees and expenses of an attorney for the dissenting shareholders out of the amount awarded to the shareholders, if it finds the services of the attorney were of substantial benefit to the other dissenting shareholders and that those fees should not be assessed against Astrotech.

A shareholder of record may assert dissenters' rights as to fewer than all of the shares registered in the shareholder's name only if the shareholder dissents with respect to all shares beneficially owned by any one person and notifies Astrotech in writing of the name and address of each person on whose behalf the

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shareholder asserts dissenters' rights. The rights of the partial dissenting shareholder are determined as if the shares as to which the shareholder dissents and the shareholder's other shares were registered in the names of different shareholders. Beneficial owners of Astrotech common stock who desire to exercise dissenters' rights themselves must dissent with respect to all the shares they beneficially own or have the power to direct the vote and must obtain and submit the record shareholder's written consent to the dissent at or before the time they file the notice of intent to demand fair value.

For purposes of the WBCA, "fair value" means the value of Astrotech common stock immediately before the consummation of the Asset Sale, excluding any appreciation or depreciation in anticipation of the Asset Sale, unless that exclusion would be inequitable. Under Section 23B.13.020 of the WBCA, an Astrotech shareholder has no right, at law or in equity, to set aside the approval of the Asset Sale Proposal and/or the consummation of the Asset Sale except if the approval or consummation fails to comply with the procedural requirements of Chapter 23B.13 of the WBCA, Astrotech's articles of incorporation or Astrotech's bylaws, or was fraudulent with respect to that shareholder or Astrotech.

Interests of Certain Persons in the Asset Sale

As described in the section entitled "Advisory Vote on Golden Parachute Compensation Arrangements — Golden Parachute Compensation" on page 71, certain of our executive officers and directors may have interests in the Asset Sale that are different from, or are in addition to, the interests of our shareholders generally. Our board of directors was aware of these interests and considered them, among other matters, in approving the Asset Purchase Agreement.

On May 28, 2014, prior to execution of the Asset Purchase Agreement, Don White and Buyer entered into two employment-related agreements, one of which will provide certain financial incentives to Mr. White in connection with his continued role with the ASO Business as an employee of Buyer following the Closing (the "Retention Agreement") and the other of which provides for certain severance payments to be made to Mr. White by Buyer with respect to the termination of his employment with Buyer under certain circumstances (the "Separation Agreement"). Both agreements are conditioned on the consummation of the Asset Sale and become effective as of the Closing. Under the Retention Agreement, Mr. White will be eligible to receive up to $200,000 if he remains employed by Buyer, Lockheed Martin or their subsidiaries for a twenty-four month period after the Closing, payable in one retention payment of $100,000 that beco