

KEY TECHNOLOGY INC

Form SC 13D/A

May 15, 2006

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

SCHEDULE 13D

**Under the Securities Exchange Act of 1934
(Amendment No. 2)***

Key Technology, Inc.
(Name of Issuer)

Common Stock, no par value
(Title of Class of Securities)

493143101

(CUSIP Number)

Stephen T. Braun, Esq.
Boult Cummings Conners & Berry, PLC
1600 Division Street, Suite 700
Nashville, Tennessee 37203
(615) 252-2300

(Name, Address and Telephone Number of Person Authorized to
Receive Notices and Communications)

May 11, 2006

(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. o

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

CUSIP No. 493143101

NAMES OF REPORTING PERSONS:

1 Richard L. Scott

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY):

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS):

2
(a)
(b)

SEC USE ONLY:

3

SOURCE OF FUNDS (SEE INSTRUCTIONS):

4
PF

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e):

5

CITIZENSHIP OR PLACE OF ORGANIZATION:

6
United States

SOLE VOTING POWER:

7

NUMBER OF 460,649

SHARED VOTING POWER:

SHARES
BENEFICIALLY **8**
OWNED BY

--0--

| | | |
|-----------------------------|-----------|--|
| EACH REPORTING PERSON | 9 | SOLE DISPOSITIVE POWER: 460,649 |
| WITH | 10 | SHARED DISPOSITIVE POWER: --0-- |

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:

460,649

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS):

o

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):

8.61%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS):

IN

This Amendment No. 2 amends the Schedule 13D filed by Richard L. Scott (Reporting Person) on February 16, 2006 (the Schedule 13D), as amended May 5, 2006, with respect to shares of the Common Stock, no par value (Common Stock), of Key Technology Inc., an Oregon corporation (the Issuer). Capitalized terms used by not defined herein shall have the respective meanings ascribed to such terms in the Schedule 13D.

The following Items are hereby amended and restated in their entirety to read as follows:

Item 3. Source and Amount of Funds or Other Consideration

The Reporting Person has used personal funds of approximately \$5,522,508.26 (which includes commissions paid) to acquire 460,649 shares of Common Stock in open market transactions. The Common Stock was purchased by three different entities controlled by the Reporting Person.

Item 4. Purpose of Transaction

The Reporting Person purchased the Common Stock in open market transactions for general investment purposes. Consistent with such purposes, on May 11, 2006, the Reporting Person sent a letter to the Issuer which letter is attached hereto as Exhibit 99.1 and is incorporated herein in its entirety. The Reporting Person may seek to engage in future discussions with management of the Issuer and may make suggestions concerning the Issuer's operations, prospects, business and financial strategies, assets and liabilities, business and financing alternatives and such other matters as the Reporting Person may deem relevant to his investment in the Issuer. In addition, the Reporting Person may from time to time, depending on prevailing market, economic and other conditions, acquire additional shares of the Common Stock of the Issuer or engage in discussions with the Issuer concerning further acquisitions of shares of the Common Stock of the Issuer or further investments in the Issuer. The Reporting Person intends to review his investment in the Issuer on a continuing basis and, depending upon the price and availability of shares of the Common Stock, subsequent developments affecting the Issuer, the Issuer's business and prospects, other investment and business opportunities available to the Reporting Person, general stock market and economic conditions, tax considerations and other factors considered relevant, may decide at any time to increase or to decrease the size of his investment in the Issuer.

Except as set forth above, the Reporting Person does not have any plans or proposals which relate to or would result in (a) the acquisition of additional securities of the Issuer or the disposition of securities of the Issuer, (b) an extraordinary corporate transaction, such as a merger, reorganization or liquidation involving the Issuer or any of its subsidiaries, (c) a sale or transfer of a material amount of assets of the Issuer or any of its subsidiaries, (d) any change in the present board of directors or management of the Issuer, including any plans or proposals to change the number or term of directors or to fill any existing vacancies on the board of directors of the Issuer, (e) any material change in the present capitalization or dividend policy of the Issuer, (f) any other material change in the business or corporate structure of the Issuer, (g) changes in the Issuer's charter, bylaws or instruments corresponding thereto or other actions which may impede the acquisition of control of the Issuer, (h) the delisting from a national securities exchange or termination of quotations in an inter-dealer quotation system of a registered national securities association for any class of capital stock of the Issuer, (i) a class of equity securities of the Issuer becoming eligible for termination of

registration pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934 Common Stock, or (j) or any action similar to the foregoing actions listed. The Reporting Person will continue to evaluate the Issuer and his investment therein and may later determine to propose or support any one or more of such actions in the future, to purchase additional shares of the Common Stock or to sell part or all of his holdings of the Common Stock of the Issuer.

Item 5. Interest in Securities of the Issuer

The 460,649 shares of the Common Stock owned by the Reporting Person constitute 8.61% of the outstanding Common Stock of the Issuer, based on the outstanding shares of Issuer Common Stock set forth in the Issuer's most recent Form 10-Q.

The Reporting Person has sole voting and dispositive power with respect to the Common Stock.

The Reporting Person purchased the following shares of the Common Stock of the Issuer in open market transactions during the past 60 days:

| Purchase Date | No. of Shares | Price Per Share | Aggregate Consideration |
|---------------|------------------|--------------------|----------------------------|
| 05/02/2006 | 1,000 | \$ 12.00 | \$ 12,000.00 |
| 05/03/2006 | 59,000 | \$ 12.15 | \$716,850.00 |
| 05/05/2006 | 649 | \$ 11.50 | \$ 7,463.50 |
| Total | 60,649 | | \$736,313.50 |

The Common Stock was purchased by three different entities controlled by the Reporting Person.

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

DATED: May 15, 2006

/s/ Richard L. Scott
Richard L. Scott