ALANCO TECHNOLOGIES INC
Form PRE 14A
December 01, 2009

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(A)
of the
Securities Exchange Act of 1934

Filed by the Registrant x
Filed by a Party other than the Registrant o

Check the appropriate box:

x Preliminary Proxy Statement

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

o Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to Section 240.14a-12

Alanco Technologies, Inc.

_____
(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):

x No fee required.

o 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:

_____

(5) Total fee paid:

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o Fee paid previously with preliminary materials.

o 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:

_____

ALANCO TECHNOLOGIES, INC.

15575 North 83rd Way, Suite 3

Scottsdale, Arizona 85260

(480) 607-1010

PROXY STATEMENT

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held January 19, 2010

TO THE SHAREHOLDERS OF ALANCO TECHNOLOGIES, INC.

NOTICE HEREBY IS GIVEN that the Annual Meeting of Shareholders of Alanco Technologies, Inc., an Arizona corporation ("Alanco" or the "Company"), will be held at 15575 North 83rd Way, Suite 3, Scottsdale, Arizona 85260, on January 19, 2010, at 10:00 a.m., Mountain Standard Time, and at any adjournment or postponement thereof, for the purpose of considering and acting upon the following Proposals:

Proposal No. 1	**ELECTION OF DIRECTORS**
Proposal No. 2	**APPROVE A PROPOSAL TO AUTHORIZE THE BOARD OF DIRECTORS, ONLY IF NECESSARY AND PRUDENT, TO ISSUE TO INVESTORS NOT MORE THAN 7.5 MILLION SHARES OF CLASS A COMMON STOCK, INCLUDING SHARES POTENTIALLY ISSUABLE UPON EXERCISE OF WARRANTS, IN EXCESS OF THE LIMITATION AS SPECIFIED IN NASDAQ RULE 5635(d)(1-2). THE COMMON SHARES MAY BE SOLD AT A DISCOUNT NOT TO EXCEED FIFTEEN PERCENT (15%) OF THE MARKET VALUE AT THE TIME OF ISSUANCE.**

Holders of the outstanding Common Stock and Preferred Stock of the Company of record at the close of business on November 24, 2009, will be entitled to notice of and to vote at the Meeting or at any adjournment or postponement thereof.

As permitted by the rules adopted by the Securities and Exchange Commission ("SEC"), this year we are furnishing proxy materials to our stockholders over the Internet. We believe that this e-proxy process expedites stockholders' receipt of proxy materials, while also lowering the costs and reducing the environmental impact of our annual

meeting. We are mailing our stockholders a notice containing instructions on how to access our 2009 proxy statement and annual report and how to vote online. The notice also provides instructions on how you can request a paper copy of these documents if you desire, and how you can enroll in e-delivery. If you choose to receive future proxy materials by e-mail, you will receive an e-mail next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by e-mail will remain in effect until you terminate it.

All shareholders, whether or not they expect to attend the Annual Meeting of Shareholders in person, are urged to vote. Instructions regarding the various methods of voting are contained on the proxy card, including voting by toll-free telephone number or the Internet. If you received a paper copy of the proxy card by mail, you may still vote your shares by marking your votes on the proxy card, signing and dating it, and mailing it in the envelope provided. The giving of a proxy will not affect your right to vote in person if you attend the Meeting.

BY ORDER OF THE BOARD OF DIRECTORS.

Scottsdale, Arizona
November 24, 2009

ADELE L. MACKINTOSH
SECRETARY

ALANCO TECHNOLOGIES, INC.

15575 North 83rd Way, Suite 3

Scottsdale, Arizona 85260

(480) 607-1010

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD JANUARY 19, 2010

GENERAL INFORMATION

The enclosed Proxy is solicited by and on behalf of the Board of Directors of Alanco Technologies, Inc., an Arizona corporation (the "Company"), for use at the Company's Annual Meeting of Shareholders to be held at 15575 North 83rd Way, Suite 3, Scottsdale, Arizona 85260, on the 19th day of January, 2010, at 10:00 a.m., Mountain Standard Time, and at any adjournment or postponement thereof.

In accordance with new rules approved by the SEC, it is anticipated that on or before December 10, 2009, a Notice Regarding the Availability of Proxy Materials will be mailed to the Company's shareholders of record as of the close of business on November 24, 2009. All stockholders will have the ability to access the proxy materials on a website referred to in the Notice and to download printable versions of the proxy materials or to request and receive a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found on the Notice.

The expense of soliciting proxies, including the cost of preparing, assembling and mailing this proxy material to shareholders, will be borne by the Company. It is anticipated that solicitations of proxies for the Meeting will be made only by use of the mails; however, the Company may use the services of its Directors, Officers and employees to solicit proxies personally or by telephone without additional salary or compensation to them. Brokerage houses, custodians, nominees and fiduciaries will be requested to forward the proxy soliciting materials to the beneficial owners of the Company's shares held of record by such persons, and the Company will reimburse such persons for their reasonable out-of-pocket expenses incurred by them in that connection.

Shares not voting as a result of a proxy not marked or marked to abstain will be counted as part of total shares voting in order to determine whether or not a quorum has been achieved at the Meeting. Shares registered in the name of a broker-dealer or similar institution for beneficial owners to whom the broker-dealer distributed notice of the Annual Meeting and proxy information and which such beneficial owners have not returned proxies or otherwise instructed the broker-dealer as to voting of their shares, will be counted as part of the total shares voting in order to determine whether or not a quorum has been achieved at the Meeting.

All shares represented by valid proxies will be voted in accordance therewith at the Meeting unless such proxies have previously been revoked. Proxies may be revoked at any time prior to the time they are voted by: (a) delivering to the Secretary of the Company a written instrument of revocation bearing a date later than the date of the proxy; or (b) duly executing and delivering to the Secretary a subsequent proxy relating to the same shares; or (c) attending the meeting and voting your proxy in person (although attendance at the Meeting will not in and of itself constitute revocation of a proxy).

The Company's Annual Report to Shareholders for the fiscal year ended June 30, 2009, is available to shareholders via the Internet or through request for a printed copy. The Annual Report includes a copy of Form 10-K, which constitutes part of this proxy. All other information included in the Annual Report does not constitute part of these proxy soliciting materials.

SHARES OUTSTANDING AND VOTING RIGHTS

Effective October 16, 2006, the Company effected a 2:5 reverse stock split. All references to both number of shares and price per share of Class A Common Stock issued and outstanding, options and warrants granted, and common stock equivalent shares are presented herein on a post-split basis.

Voting rights are vested in the holders of the Company's Common Stock and Preferred Stock. Only shareholders of record at the close of business on November 24, 2009, are entitled to notice of and to vote at the Meeting or any adjournment or postponement thereof. As of November 24, 2009, the Company had 33,955,193 shares of Class A Common Stock issued and outstanding, 103,257 shares of Series B Convertible Preferred Stock issued and outstanding, 133,106 shares of Series D Preferred Stock issued and outstanding, and 220,000 shares of Series E Convertible Preferred Stock issued and outstanding. Each Class A Common share is entitled to one vote, each share of Series B Convertible Preferred stock is entitled to 5.2 votes (the equivalent number of common shares into which the Series B Convertible Preferred Stock is convertible), each share of Series D Preferred Stock is entitled to 7 votes, and each share of Series E Convertible Preferred Stock is entitled to 12 votes. If the number of common shares into which the Series B Preferred Stock is convertible and the voting rights of the Series D Preferred Stock and Series E Convertible Preferred Stock are considered, the total shares eligible to vote on the record date are 38,063,871 shares ("Total Voting Rights"), each of which is entitled to one vote on all matters to be voted upon at the Meeting, including the election of Directors. No fractional shares are outstanding. A majority of the Company's outstanding voting stock represented in person or by proxy shall constitute a quorum at the Meeting. The affirmative vote of a majority of the votes cast, providing a quorum is present, is necessary to approve each proposal.

Each shareholder present, either in person or by proxy, will have cumulative voting rights with respect to the election of Directors. Under cumulative voting, each shareholder is entitled to as many votes as is equal to the number of Voting Rights of the Company held by the shareholder on the Record Date multiplied by the number of directors to be elected, and such votes may be cast for any single nominee or divided among two or more nominees. The seven nominees receiving the highest number of votes will be elected to the Board of Directors. There are no conditions precedent to the exercise of cumulative voting rights. Unless otherwise instructed in any proxy, the persons named in the form of proxy which accompanies this Proxy Statement (the "Proxy Holders") will vote the proxies received by them for the Company's seven nominees set forth in "Election of Directors" below. If additional persons are nominated for election as directors, the Proxy Holders intend, unless otherwise instructed in any proxy, to vote all proxies received by them in such manner in accordance with cumulative voting as will assure the election of as many of the Company's nominees as possible, and, in such event, the specific nominees for whom votes will be cast will be determined by the Proxy Holders. If authority to vote for any nominee of the Company is withheld in any proxy, the Proxy Holders intend, unless otherwise instructed in such proxy, to vote the shares represented by such proxy, in their discretion, cumulatively for one or more of the other nominees of the Company.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND OF MANAGEMENT

Security Ownership of Certain Beneficial Owners

The following table sets forth certain information with respect to each shareholder known by Alanco to be the beneficial owner of more than 5% of the outstanding Alanco Voting Rights as of November 24, 2009. Information regarding the stock ownership of Robert R. Kauffman, Alanco Chairman and Chief Executive Officer, Donald E. Anderson, Alanco Director, and Timothy P. Slifkin, Director and StarTrak Chief Executive Officer is also shown in the table in the following section, Current Directors and Executive Officers.

Five Percent Owners

Class A Common Shares Owned	Class A Common Shares Owned Percent of Class (5)	Series D and E Preferred Shares Owned (6)	Preferred Shares Owned Percent of Class (6)	Total Voting Rights (5)	Total Voting Rights Owned Percent of Class	Exercisable Stock Options and Warrants	Total Voting Rights and Options & Warrants	Total Stock, Options & Warrants Percent of Voting Rights (7)

Donald E. Anderson(1)	3,655,024	10.76%	0	--	3,655,024	9.60%	1,531,433	5,186,457	13.10%
Robert R. Kauffman (2)	1,743,312	5.13%	15,000	6.82%	1,923,312	5.05%	1,549,000	3,472,312	8.77%
Timothy P. Slifkin (3)	2,287,558	6.74%	12,917	9.70%	2,377,977	6.25%	322,000	2,699,977	7.03%
The Rhino Fund, LLP (4)	1,358,613	4.00%	50,000	37.56%	1,708,613	4.49%	340,667	2,049,280	5.34%

(1) The number of shares, options and warrants owned includes: The Anderson Family Trust, owner of 2,035,510 shares of Alanco Class A Common Stock and 670,000 exercisable warrants; Programmed Land, Inc., owner of 1,616,514 shares of Alanco Class A Common Stock and 516,833 exercisable warrants, all of which Mr. Anderson claims beneficial ownership; and 3,000 shares of Alanco Class A Common Stock and 344,600 exercisable options owned by Mr. Anderson. Mr. Anderson's address is 11804 North Sundown Drive, Scottsdale, Arizona 85260.

(2) In addition to the shares shown above, Robert R. Kauffman, Alanco Chairman and Chief Executive Officer, also beneficially owns 455,000 shares of TSIN stock, representing an ownership position of less than 2% of the outstanding TSIN shares. If TSIN distributes the shares of Alanco common stock owned by TSIN to TSIN shareholders on a proportionate basis, Mr. Kauffman may acquire additional shares of Alanco common stock, thereby slightly increasing his percentage of Alanco common shares owned. The 15,000 shares of Series E Convertible Preferred Stock owned by Mr. Kauffman represents 6.82% of the total Series E Convertible Preferred shares outstanding. The address for Mr. Kauffman is: c/o Alanco Technologies, Inc., 15575 North 83rd Way, Suite 3, Scottsdale, Arizona 85260.

(3) In addition to the stock options shown above, Timothy P. Slifkin, President of StarTrak Systems, LLC, has 148,000 options with a vesting schedule ranging from June 30, 2010 to July 13, 2014. The 12,917 shares of Series D Preferred Stock beneficially owned by Mr. Slifkin represent 9.70% of the total Series D Preferred shares outstanding. The address for Mr. Slifkin is: c/o StarTrak Systems, LLC, 106 The American Road, Morris Plains, NJ 07950.

(4) The 50,000 shares of Series D Preferred Stock owned by The Rhino Fund, LLLP, managed by Rhino Capital, Inc., a private capital management company, represent 37.56% of the total Series D Preferred shares outstanding. The address for Rhino Capital, Inc. is 32065 Castle Court, Suite 100, Evergreen, CO 80439.

(5) The percentages for Class A Common Stock shown are calculated based upon 33,955,193 shares of Class A Common Stock outstanding on November 24, 2009. The percentages for Total Voting Rights are calculated based upon 38,063,871 voting rights on November 24, 2009.

(6) Preferred Shares include Series D Preferred Stock, each share of which has seven votes in matters submitted to shareholders for a vote. As of November 24, 2009, there are 133,106 shares of Series D Preferred Stock outstanding. Preferred Shares also include Series E Convertible Preferred Stock, each share of which has twelve votes in matters submitted to shareholders for a vote. As of November 24, 2009, there are 220,000 shares of Series E Convertible Preferred Stock outstanding. The 5% owners do not own any shares of the Series B Convertible Preferred Stock.

(7) In calculating the percentage of ownership, option and warrant shares are deemed to be outstanding for the purpose of computing the percentage of voting rights shares owned by such person, but are not deemed to be outstanding for the purpose of computing the percentage of voting rights shares owned by any other stockholders.

Current Directors and Executive Officers

The following table sets forth the number of exercisable stock options and the number of shares of the Company's Common Stock and Preferred Stock beneficially owned as of November 24, 2009, by individual directors and executive officers and by all directors and executive officers of the Company as a group.

The number of shares beneficially owned by each director or executive officer is determined under rules of the Securities and Exchange Commission, and the information is not necessarily indicative of the beneficial ownership for any other purpose. Unless otherwise indicated, each person has sole investment and voting power (or shares such power with his or her spouse) with respect to the shares set forth in the following table.

Securities of the Registrant Beneficially Owned (1)

Name of Beneficial Owner (2)	Class A Common Stock Shares Owned	Shares Owned Percent of Class (7)	Series D And E Preferred Shares Owned	Shares Owned Percent of Class (7)	Total Voting Rights Owned	Shares Owned Percent of Class (7)	Stock Options & Warrants Exercisable @ 11/24/09 + 60 days (8)	Total Voting Rights & Options & Warrants	Total Stock, Options & Warrants Percent of Class (9)
Robert R. Kauffman (3)	1,743,312	5.13%	15,000	6.82%	1,923,312	5.05%	1,549,000	3,472,312	8.77%

Director/COB/CEO									
John A. Carlson	403,338	1.19%	0	0.00%	403,338	1.06%	755,000	1,158,338	2.98%
Director/EVP/CFO									
Harold S. Carpenter	52,216	0.15%	0(5)	0.00%	52,216	0.14%	519,400	571,616	1.48%
Director									
James T. Hecker	97,519	0.29%	0(6)	0.00%	97,519	0.26%	318,400	415,919	1.08%
Director									
Timothy P. Slifkin	2,287,558	6.74%	12,917	9.70%	2,377,977	6.25%	322,000	2,699,977	7.03%
Director/CEO - StarTrak									
Thomas C. LaVoy	128,748	0.38%	10,000	7.51%	198,748	0.52%	308,400	507,148	1.32%
Director									
Donald E. Anderson (4)	3,655,024	10.76%	0	0.00%	3,655,024	9.60%	1,531,433	5,186,457	13.10%
Director									
Greg M. Oester	30,367	0.09%	0	0.00%	30,367	0.08%	399,000	429,367	1.12%
President - ATSI									
Thomas A. Robinson	1,506,015	4.44%	8,299	6.23%	1,564,108	4.11%	224,000	1,788,108	4.67%
EVP - StarTrak									
Officers and Directors as a Group (9 individuals)	9,904,097	29.17%	46,216	30.27%	10,302,609	27.07%	5,926,633	16,229,242	36.89%

(1) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission ("SEC") and generally indicates voting or investment power with respect to securities. In accordance with SEC rules, shares that may be acquired upon conversion or exercise of stock options, warrants or convertible securities which are currently exercisable or which become exercisable within 60 days are deemed beneficially owned. Except as indicated by footnote, and subject to community property laws where applicable, the persons or entities named in the table above have sole voting and investment power with respect to all shares of Common Stock shown as beneficially owned.

(2) COB is Chairman of the Board; CEO is Chief Executive Officer; EVP is Executive Vice President; CFO is Chief Financial Officer.

(3) In addition to the shares shown above, Robert R. Kauffman, Alanco Chairman and Chief Executive Officer, also beneficially owns 455,000 shares of TSIN stock, representing an ownership position of less than 2% of the outstanding TSIN shares. If TSIN distributes the shares of Alanco common stock owned by TSIN to TSIN shareholders on a proportionate basis, Mr. Kauffman may acquire additional shares of Alanco common stock, thereby slightly increasing his percentage of Alanco common shares owned. The 15,000 shares of Series E Convertible Preferred Stock owned by Mr. Kauffman represents 6.82% of the total Series E Convertible Preferred shares outstanding.

(4) The number of shares, options and warrants owned includes: The Anderson Family Trust, owner of 2,035,510 shares of Alanco Class A Common Stock and 670,000 exercisable warrants; Programmed Land, Inc., owner of 1,616,514 shares of Alanco Class A Common Stock and 516,833 exercisable warrants, all of which Mr. Anderson claims beneficial ownership; and 3,000 shares of Alanco Class A Common Stock and 344,600 exercisable options owned by Mr. Anderson.

(5) Excludes 928,448 shares of Class A Common Stock and 159,000 warrants to purchase Class A Common Stock owned by Heartland Systems Co., a company for which Mr. Carpenter serves as an officer. Mr. Carpenter disclaims beneficial ownership of such shares.

(6) Excludes 1,358,613 shares of Class A Common Stock, 50,000 shares of Series D Preferred Stock and 340,667 warrants to purchase Class A Common Stock owned by Rhino Fund LLLP. The fund is controlled by Rhino Capital Incorporated, for which Mr. Hecker serves as Treasurer and General Counsel. Mr. Hecker disclaims beneficial ownership of such shares.

(7) The percentages for Class A Common Stock shown are calculated based upon 33,955,193 shares of Class A Common Stock outstanding on November 24, 2009. The percentages for Series D Preferred Stock are calculated based upon 133,106 shares of Series D Preferred Stock outstanding on November 24, 2009, each share of which has seven votes in matters submitted to shareholders for a vote. The percentages for Series E Convertible Preferred Stock are calculated based upon 220,000 shares of Series E Convertible Preferred Stock outstanding on November 24, 2009, each share of which has twelve votes in matters submitted to shareholders for a vote. The percentages for Total Voting Rights are calculated based upon 38,063,871 voting rights as of November 24, 2009.

(8) Represents unexercised stock options and warrants issued to named executive officers and directors. All options and warrants listed that were issued to the executive officers and directors were exercisable at November 24, 2009 except Timothy Slifkin, Greg Oester, and Thomas Robinson. Timothy Slifkin also holds the following options: 48,000 options exercisable in fiscal year 2010, 32,500 options exercisable in fiscal year 2011, 37,500 options exercisable in fiscal year 2012, 17,500 options exercisable in fiscal year 2013, and 12,500 options exercisable in fiscal year 2014. Greg Oester also holds the following options: 27,500 options exercisable in fiscal year 2011, 32,500 options exercisable in fiscal year 2012, 22,500 options exercisable in fiscal year 2013, and 12,500 options exercisable in fiscal year 2014. Thomas Robinson also holds the following options: 48,000 options exercisable in fiscal year 2010, 32,500 options exercisable in fiscal year 2011, 37,500 options exercisable in fiscal year 2012, 17,500 options exercisable in fiscal year 2013, and 12,500 options exercisable in fiscal year 2014.

(9) The number and percentages shown include the voting rights shares actually owned as of November 24, 2009 and the shares of common stock that the identified person or group had a right to acquire within 60 days after November 24, 2009. The percentages shown are calculated based upon 38,063,871 voting rights as of November 24, 2009. In calculating the percentage of ownership, option and warrant shares are deemed to be outstanding for the purpose of computing the percentage of shares owned by such person, but are not deemed to be outstanding for the purpose of computing the percentage of shares owned by any other stockholders.

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Meetings and Committees of the Board of Directors

The Board of Directors has a Compensation/Administration Committee, which was formed in 1995 and is comprised of Messrs. Harold S. Carpenter and James T. Hecker, who are independent directors of the Company. The Compensation/Administration Committee recommends to the Board the compensation of executive officers and serves as the Administrative Committee for the Company's Stock Option Plans. The Compensation/Administration Committee met three times during the fiscal year ended June 30, 2009.

The Board of Directors also has an Audit/Corporate Governance Committee. The Audit Committee was originally formed in 1995. In September 2004, the Board of Directors approved a name change for the committee to Audit/Corporate Governance Committee to more accurately reflect the additional duties and responsibilities of the committee as required by the Sarbanes-Oxley Act of 2002. The Audit/Corporate Governance Committee, comprised of Messrs. Harold S. Carpenter, James T. Hecker, and Thomas C. LaVoy, all of whom are independent non-employee directors of the Company who have significant business experience and are deemed to be financially knowledgeable, serves as a liaison between the Board and the Company's auditor. The Audit/Corporate Governance Committee provides general oversight of the Company’s financial reporting and disclosure practices, system of internal controls, and the Company’s processes for monitoring compliance with Company policies. The Audit/Corporate Governance Committee reviews with the Company’s independent auditors the scope of the audit for the year, the results of the audit when completed, and the independent auditor’s fee for services performed. The Audit/Corporate Governance Committee also recommends independent auditors to the Board of Directors and reviews with management various matters related to its internal accounting controls. The Audit/Corporate Governance Committee is comprised of independent members as defined under the National Association of Securities Dealers listing standards. The Audit/Corporate Governance Committee met three times during the fiscal year ended June 30, 2009.

The final Board committee is the Nominating/Independent Directors Committee, which is comprised of Messrs. Harold S. Carpenter, James T. Hecker, Thomas C. LaVoy, and Donald E. Anderson, all members of the Company’s Board of Directors who have been determined by the Board to meet the qualification as “independent” director as set forth in Rule 10A-3 of the Exchange Act. Per Board resolution, the Nominating/Independent Directors Committee approves all management nominations for members of the Company’s Board of Directors. In addition, the Nominating/Independent Directors Committee meets in regularly scheduled executive sessions at which only the independent directors are present.

All meetings held by the Board of Directors’ committees were attended by each of the directors serving on such committees.

The Company's Board of Directors held three meetings during the fiscal year ended June 30, 2009, at which time all Directors were present. All current members of the Board of Directors’ committees are expected to be nominated for reelection at a meeting of the Board of Directors following the annual meeting.

Compliance with Section 16(a) of Securities Exchange Act of 1934

Section 16(a) of the Securities Exchange Act of 1934 requires the Company’s Officers and Directors, and persons who own more than 10% of a registered class of the Company’s equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission (“SEC”). Officers, Directors and greater than 10% shareholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file. Based solely upon a review of the copies of such forms furnished to the Company, or written representations that no Form 5’s were required, the Company believes that as of the date of this filing, all Section 16(a) filing requirements applicable to its officers, Directors and greater than 10% beneficial owners were satisfied.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth the compensation paid or accrued by the Company for the services rendered during the fiscal years ended June 30, 2009, 2008 and 2007 to the Company's Chief Executive Officer, Chief Financial Officer, President of the Company's subsidiary, Alanco/TSI PRISM, Inc. (ATSI), President of the Company's subsidiary, StarTrak Systems, LLC (STS), and Executive Vice President of the Company's subsidiary, StarTrak Systems, LLC, whose salaries and bonus exceeded $100,000 during the last fiscal year (collectively, the "Named Executive Officers"). No stock appreciation rights ("SARs") have been granted by the Company to any of the Named Executive Officers during the last three fiscal years.

Name and Principal Position		Annual Compensation			Long-Term Compensation
		Annual Salary	Bonus	Other (1) Annual Compensation $	Securities (# shares) Underlying Options Granted during FY
Robert R. Kauffman, C.E.O.					
FY 2009		$233,750	None	$17,400	250,000
FY 2008		247,500	None	17,400	200,000
FY 2007		250,000	None	17,400	60,000
John A. Carlson, C.F.O.					
FY 2009		208,250	None	10,483	120,000
FY 2008		220,500	None	10,405	100,000
FY 2007		222,500	None	10,400	20,000
Greg M. Oester, President, ATSI					
FY 2009		135,831	None	None	50,000
FY 2008		139,050	None	None	50,000
FY 2007		154,500	None	None	0
Timothy P. Slifkin, President, STS					
FY 2009		151,667	None	1,517	25,000
FY 2008	(2)	333,332	None	3,081	100,000
FY 2007		160,000	None	667	0
Thomas A. Robinson, Exec V.P., STS					
FY 2009		151,667	None	1,517	25,000
FY 2008	(3)	343,333	None	3,104	100,000
FY 2007		160,000	None	667	0

(1) Represents supplemental executive benefit reimbursement for the year and Company matching for Alanco's 401(K) Profit Sharing Plan.

(2) Includes $156,665 compensation accrued in prior years but paid during fiscal 2008.

(3)

Includes $166,666 compensation accrued in prior years but paid during fiscal 2008.

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Option Grants in Last Fiscal Year

The following table sets forth each grant of stock options made during the fiscal year ended June 30, 2009, to each of the Named Executive Officers and/or Directors and to all other employees as a group. No stock appreciation rights ("SARs") have been granted by the Company.

INDIVIDUAL GRANTS

Name	Number of Securities Underlying Options Granted	% of Total Options Granted	Exercise Price ($/Sh)	Grant Date	Expiration Date
Robert Kauffman	250,000	21.46%	$1.20	8/19/2008	8/19/2013
John Carlson	120,000	10.30%	$1.20	8/19/2008	8/19/2013
Harold Carpenter	75,000	6.44%	$1.20	8/19/2008	8/19/2013
Donald Anderson	75,000	6.44%	$1.20	8/19/2008	8/19/2013
Thomas LaVoy	75,000	6.44%	$1.20	8/19/2008	8/19/2013
James Hecker	75,000	6.44%	$1.20	8/19/2008	8/19/2013
Timothy Slifkin	25,000	2.15%	$1.20	8/19/2008	8/19/2013
Greg Oester	50,000	4.29%	$1.20	8/19/2008	8/19/2013
Tom Robinson	25,000	2.15%	$1.20	8/19/2008	8/19/2013
Other Employees	395,000	33.91%	$1.00 - $1.40	7/07/2008 - 12/23/2008	7/07/2013 - 12/23/2013
Total	1,165,000	100.00%			

All options are granted at a price not less than “grant-date market.” During the fiscal year 413,500 previously granted stock options expired or were cancelled.

Aggregated Options and Warrants - Exercised in Last Fiscal Year and Values at Fiscal Year End

The following table sets forth the number of exercised and unexercised options and warrants held by each of the Named Executive Officers and/or Directors at June 30, 2009, and the value of the unexercised, in-the-money options at June 30, 2009.

Name	Shares Acquired On Exercise During 2009 Fiscal Year	Value Realized ($) (1)	Unexercised Options & Warrants at Fiscal Year End (Shares) (2)	Value of Unexercised In-The-Money Options & Warrants at FYE ($) (3)
Robert Kauffman	192,000	$15,360	1,044,000	0
John Carlson	36,000	1,440	486,000	0
Harold Carpenter	0	-	343,700	0
James Hecker	0	-	145,900	0
Thomas LaVoy	0	-	142,300	0
Donald Anderson	16,667	(1,667)	1,332,433	0
Timothy Slifkin	0	-	294,000	0
Greg Oester	0	-	378,000	0
Thomas Robinson	0	-	324,000	0

(1) Calculated as the difference between closing price on the date exercised and the exercise price, multiplied by the number of options exercised.
(2) Represents the number of securities underlying unexercised options and warrants that were exercisable at 2009 Fiscal Year End.
(3) Calculated as the difference between the closing price of the Company's Common Stock on June 30, 2009, and the exercise price for those options exercisable on June 30, 2009, with an exercise price less than the closing price, multiplied by the number of applicable options.

Option Grants Subsequent to Fiscal Year End

The following table sets forth information regarding employee stock options granted after June 30, 2009.

Name	Number of Underlying Securities Options Granted		Date of Grant	Date Exercisable	Expiration Date	Option Price
Robert R. Kauffman	200,000	(1)	7/13/09	(2)	7/13/14	$0.50
John A. Carlson	125,000	(1)	7/13/09	(2)	7/13/14	$0.50
Donald E. Anderson	75,000	(1)	7/13/09	(2)	7/13/14	$0.50
Harold S. Carpenter	75,000	(1)	7/13/09	(2)	7/13/14	$0.50
James T. Hecker	75,000	(1)	7/13/09	(2)	7/13/14	$0.50
Thomas C. LaVoy	75,000	(1)	7/13/09	(2)	7/13/14	$0.50
Timothy P. Slifkin	50,000	(1)	7/13/09	(3)	7/13/14	$0.50
Greg M. Oester	50,000	(1)	7/13/09	(3)	7/13/14	$0.50
Thomas A. Robinson	50,000	(1)	7/13/09	(3)	7/13/14	$0.50
Other Employees	390,000	(1)	7/13/09	(3)	7/13/14	$0.50

(1) Issued pursuant to the 1998, 1999, 2005 & 2006 Stock Option Plans.
(2) Immediately vested.
(3) 10% vest on 7/13/2009, 15% vest on 7/13/2010, 25% vest on 7/13/2011, 25% vest on 7/23/2012 and 25% vest on 7/13/2013.

Employment Agreements and Executive Compensation

The Executive Officers are at-will employees without employment agreements.

Compensation of Directors

During fiscal year 2009, non-employee Directors were compensated for their services in cash ($750 per meeting per day up to a maximum of $1,500 per meeting) and through the grant of options to acquire shares of Class A Common Stock as provided by the 1996, 1998, 1999, 2000, 2002, 2004, 2005, and 2006 Directors and Officers Stock Option Plans (the “D&O Plans”) which are described below. All Directors are entitled to receive reimbursement for all out-of-pocket expenses incurred for attendance at Board of Directors meetings.

The 1996 Directors and Officers Stock Option Plan was approved by the Board of Directors on September 9, 1996. Shareholders approved the 1998, 1999, 2000, 2002, 2004, 2005, and 2006 Directors and Officers Stock Option Plans on November 6, 1998, November 5, 1999, November 10, 2000, November 22, 2002, November 19, 2004, January 20, 2006, and January 30, 2007, respectively. The purpose of the 1996, 1998, 1999, 2000, 2002, 2004, 2005, and 2006 D&O Plans is to advance the business and development of the Company and its shareholders by affording to the Directors and Officers of the Company the opportunity to acquire a proprietary interest in the Company by the grant of Options to acquire shares of the Company’s common stock. All Directors and Executive Officers of the Company are eligible to participate in the 1996, 1998, 1999, 2000, 2002, 2004, 2005, and 2006 Plans. Newly appointed Directors receive options to purchase shares of common stock at fair market value. Upon each subsequent anniversary

of the election to the Board of Directors, each non-employee Director may receive an additional option to purchase shares of common stock at fair market value.

Transactions with Management

Entities and a trust controlled by Mr. Donald Anderson, a member of the Board of Directors and trustee and beneficial owner of the Anderson Family Trust, were paid interest during fiscal year 2009 in the amount of $277,100 under the Line of Credit Agreement and a Note payable that had a maximum outstanding balance of $3.75 million.

See Note 9 and 12 to the consolidated financials in our Form 10-K for fiscal year ending June 30, 2009, for additional related party transactions and discussion.

AUDIT/CORPORATE GOVERNANCE COMMITTEE REPORT [1]

The Audit/Corporate Governance Committee of the Board of Directors is currently comprised of three independent directors, and operates under a written charter adopted by the Board. The Audit/Corporate Governance Committee Charter was included as Exhibit A in the Company's Definitive Proxy Statement filed with the SEC on October 18, 2004. The members of the Audit/Corporate Governance Committee are Harold S. Carpenter, a CEO with over 30 years senior management experience, James T. Hecker, an attorney and CPA, and Thomas C. LaVoy, a CPA. All three individuals are experienced in reading and understanding financial statements, and, in fact, are deemed to be financial experts as defined by audit committee requirements.

The Audit/Corporate Governance Committee is directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditor engaged for the purpose of preparing an audit report or performing other audit, review or attest services for the Company. The auditor reports directly to the Audit/Corporate Governance Committee. The Audit/Corporate Governance Committee has established "whistleblower" procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Authority to engage independent counsel and other advisors has been given to the Audit/Corporate Governance Committee as it determines is necessary to carry out its duties. The Company provides appropriate funding for the Audit/Corporate Governance Committee to compensate the outside auditors and any lawyers and advisors it employs and to fund ordinary administrative expenses of the Audit/Corporate Governance Committee that are necessary in carrying out its duties.

The Audit/Corporate Governance Committee provides general oversight of the Company's financial reporting and disclosure practices, system of internal controls, and the Company's processes for monitoring compliance by the Company with Company policies. The Audit/Corporate Governance Committee reviews with the Company's registered public accountants the scope of the audit for the year, the results of the audit when completed, and the registered public accountant's fee for services performed. The Audit/Corporate Governance Committee also recommends registered public accountants to the Board of Directors and reviews with management various matters related to its internal accounting controls. During the last fiscal year, there were three meetings of the Audit/Corporate Governance Committee.

Management is responsible for the Company's internal controls and the financial reporting process. The independent registered public accounting firm is responsible for performing an independent audit of the Company's consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and issuing a report thereon. The Audit/Corporate Governance Committee is responsible for overseeing and monitoring the quality of the Company's accounting and auditing practices.

The members of the Audit/Corporate Governance Committee are not professionally engaged in the practice of auditing or accounting and may not be experts in the fields of accounting or auditing, or in determining auditor independence. Members of the Audit/Corporate Governance Committee rely, without independent verification, on the information provided to them and on the representations made by management and the independent registered public accounting firm. Accordingly, the Audit/Corporate Governance Committee's oversight does not provide an independent basis to determine that management has maintained procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit/Corporate Governance Committee's considerations and discussions referred to above do not assure that the audit of the Company's financial statements has been carried out in accordance with the standards of the Public Company Accounting Oversight Board (United States), that the financial statements are presented in accordance with accounting principles generally accepted in the United States of America or that the Company's independent registered public accounting firm is in fact "independent."

Review of Audited Financial Statements

In this context, the Audit/Corporate Governance Committee reviewed and discussed the Company's audited financial statements with management and with the Company's independent auditors. Management represented to the Audit/Corporate Governance Committee that the Company's consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America. Discussions about the Company's audited financial statements included the auditor's judgments about the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in its financial statements. The Audit/Corporate Governance Committee also discussed with the auditors the matters required by Statement on Auditing Standards, ("SAS") No. 61 "Communication with Audit Committees," as amended and as adopted by the Public Company Accounting Oversight Board in Rule 3200T."

The Company's auditors provided to the Committee written disclosures required by the Independence Standards Board Standard No. 1 "Independence Discussion with Audit Committee." The Audit/Corporate Governance Committee discussed with the auditors their independence from the Company, and considered the compatibility of non-audit services with the auditor's independence.

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Audit Fees

The aggregate fees billed by Semple, Marchal & Cooper, LLP for professional services rendered for the audit of the Company's annual financial statements and review of the Company's Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, for the fiscal years ended June 30, 2009 and 2008 were approximately $200,000 and $211,000, respectively.

Audit Related Fees

In each of the last two fiscal years, there were no fees billed for assurance related services rendered by the principal accountant that are reasonably related to the performance of the audit or review of our financial statements and are not reported under the "Audit Fees" paragraph above.

Tax Fees

Semple, Marchal & Cooper, LLP prepared the Company's tax returns for state and federal purposes. Tax return preparation fees for the fiscal years ended June 30, 2009 and 2008, were approximately $15,000 and $12,000 respectively.

All Other Fees

Other than the services described above under "Audit Fees", during the fiscal year ended June 30, 2009, Semple, Marchal & Cooper, LLP also provided services related to filing a Form S-3 and related amendments with the Securities and Exchange Commission and billed related fees of approximately $18,000. No such services were provided during the fiscal year ended June 30, 2008.

Audit Committee Pre-Approval Policies and Procedures

The 2009 and 2008 audit services provided by Semple, Marchal & Cooper, LLP were approved by our Audit/Corporate Governance Committee. The Audit/Corporate Governance Committee implemented pre-approval policies and procedures related to the provision of audit and non-audit services. Under these procedures, the Audit/Corporate Governance Committee pre-approves both the type of services to be provided by our independent auditors and the estimated fees related to these services. During the approval process, the Audit/Corporate Governance Committee considers the impact of the types of services and related fees on the independence of the auditor. These services and fees must be deemed compatible with the maintenance of the auditor's independence, in compliance with the SEC rules and regulations. Throughout the year, the Audit/Corporate Governance Committee and, if necessary, the Board of Directors, reviews revisions to the estimates of audit and non-audit fees initially approved.

Recommendation

Based on the Audit/Corporate Governance Committee's discussion with management and the auditors, and the Audit/Corporate Governance Committee's review of the representations of management and the report of the auditors to the Audit/Corporate Governance Committee, the Audit/Corporate Governance Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended June 30, 2009, filed with the Securities and Exchange Commission.

AUDIT/CORPORATE GOVERNANCE COMMITTEE
James T. Hecker

Harold S. Carpenter
Thomas C. LaVoy

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(1) The material in this report is not "soliciting material," is not deemed filed with the commission and is not to be incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

Proposal No. 1 ELECTION OF DIRECTORS

The Articles of Incorporation presently provide for a Board of Directors of not more than nine members. The number of Directors of the Company has been fixed at seven by the Company's Board of Directors. The Company's Board of Directors recommends the election of the seven nominees listed below to hold office until the next Annual Meeting of Shareholders or until their successors are elected and qualified or until their earlier death, resignation or removal. The persons named as "proxies" in the enclosed form of Proxy, who have been designated by Management, intend to vote for the seven nominees for election as Directors unless otherwise instructed in such proxy. If at the time of the Meeting, any of the nominees named below should be unable to serve, which event is not expected to occur, the discretionary authority provided in the Proxy will be exercised to cumulatively vote for the remaining nominees, or for a substitute nominee or nominees, if any, as shall be designated by the Board of Directors.

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Nominees

All nominees for Director have been approved by the Company's Nominating/Independent Directors Committee. The following table sets forth the name and age of each nominee for Director, indicating all positions and offices with the Company presently held by him, and the period during which he has served as such:

Name	Age	Position	Year First Director
Harold S. Carpenter	75	Director	1995
James T. Hecker	52	Director	1997
Robert R. Kauffman	69	Director/C.O.B./C.E.O.	1998
Thomas C. LaVoy	49	Director	1998
John A. Carlson	62	Director/E.V.P./C.F.O.	1999
Donald E. Anderson	75	Director	2002
Timothy P. Slifkin	54	Director/C.E.O. - StarTrak	2006

Business Experience of Nominees

Robert R. Kauffman: Mr. Kauffman was appointed as Chief Executive Officer and Chairman of the Board effective July 1, 1998. Mr. Kauffman was formerly President and Chief Executive Officer of NASDAQ-listed Photocomm, Inc., from 1988 until 1997 (since renamed Kyocera Solar, Inc.). Photocomm was the nation's largest publicly owned manufacturer and marketer of wireless solar electric power systems with annual revenues in excess of $35 million. Prior to Photocomm, Mr. Kauffman was a senior executive of the Atlantic Richfield Company (ARCO) whose varied responsibilities included Senior Vice President of ARCO Solar, Inc., President of ARCO Plastics Company and Vice President of ARCO Chemical Company. Mr. Kauffman earned an M.B.A. in Finance at the Wharton School of the University of Pennsylvania, and holds a B.S. in Chemical Engineering from Lafayette College, Easton, Pennsylvania.

John A. Carlson: Mr. Carlson, Executive Vice President and Chief Financial Officer of Alanco Technologies, Inc., joined the Company in September 1998 as Senior Vice President/Chief Financial Officer. Mr. Carlson started his career with Price Waterhouse & Co. in Chicago, Illinois. He has over twenty-five years of public and private financial and operational management experience, including over twelve years as Chief Financial Officer of a Fortune 1000 printing and publishing company. Mr. Carlson earned his Bachelor of Science degree in Business Administration at the University of South Dakota, and is a Certified Public Accountant.

Donald E. Anderson: Donald E. Anderson is President and owner of Programmed Land, Inc., a Minnesota and Scottsdale, Arizona, based company. Programmed Land is a diversified holding company engaged in real estate, including ownership, development, marketing and management of properties. He is also majority owner of a company involved in the automotive industry. From 1988 until 1997, Mr. Anderson was Chairman of the Board of NASDAQ-listed Photocomm, Inc., a company involved in the solar electric business. Since 1983, Mr. Anderson has also been President of Pine Summit Bible Camp, a non-profit organization that operates a year-round youth camp in Prescott, Arizona. Mr. Anderson has a B.A. degree in accounting.

Harold S. Carpenter: Mr. Carpenter is the former President of Superiorgas Co., Des Moines, Iowa, which is engaged in the business of trading and brokering bulk refined petroleum products with gross sales of approximately $500 million per year. He is also the General Partner of Superiorgas L.P., an investment company affiliated with Superiorgas Co. Mr. Carpenter founded these companies in 1984 and 1980, respectively. Mr. Carpenter is also the President of Carpenter Investment Company, Des Moines, Iowa, which is a real estate investment company holding properties primarily in central Iowa. From 1970 until 1994, Mr. Carpenter was the Chairman of the George A. Rolfes Company of Boone, Iowa, which manufactured air pollution control equipment. Mr. Carpenter graduated from the

University of Iowa in 1958 with a Bachelor of Science and Commerce degree.

James T. Hecker: Mr. Hecker is both an Attorney and a Certified Public Accountant. Since 1987 Mr. Hecker has been Vice President, Treasurer and General Counsel of Rhino Capital Incorporated, Evergreen, Colorado, a private capital management company. From 1984 to 1987, Mr. Hecker was the Controller of Northern Pump Company, Minneapolis, Minnesota, a multi-state operating oil and gas company with more than 300 properties, with responsibility of all accounting and reporting functions. Mr. Hecker received a J.D. degree from the University of Denver in 1992, and a B.B.A. degree in Accounting and International Finance from the University of Wisconsin in 1979.

Thomas C. LaVoy: Thomas C. LaVoy has served as Chief Financial Officer of SuperShuttle International, Inc., since July 1997 and as Secretary since March 1998. From September 1987 to February 1997, Mr. LaVoy served as Chief Financial Officer of NASDAQ-listed Photocomm, Inc. Mr. LaVoy was a Certified Public Accountant with the firm of KPMG Peat Marwick from 1980 to 1983. Mr. LaVoy has a Bachelor of Science degree in Accounting from St. Cloud University, Minnesota, and is a Certified Public Accountant.

Timothy P. Slifkin: Timothy P. Slifkin, President and Chief Executive Officer of the Company’s subsidiary, StarTrak Systems, LLC, is directly responsible for development of StarTrak's wireless product line and for leading the North American rail industry's acceptance of the technology for damage prevention, refrigeration transport, and asset management applications. Mr. Slifkin has been developing remote monitoring systems since founding Elexor Associates in 1986, and in developing and deploying wireless systems (satellite and terrestrial) since 1992. He has several patents issued or pending on related technology. Prior to founding StarTrak, Mr. Slifkin was employed with Hewlett Packard, Johannson Microwave, American Microsystems, and Jet Propulsion Laboratories. Mr. Slifkin holds a Bachelors Degree in Engineering.

Proposal No. 2 **APPROVE A PROPOSAL TO AUTHORIZE THE BOARD OF DIRECTORS, ONLY IF NECESSARY AND PRUDENT, TO ISSUE TO INVESTORS NOT MORE THAN 7.5 MILLION SHARES OF CLASS A COMMON STOCK, INCLUDING SHARES POTENTIALLY ISSUABLE UPON EXERCISE OF WARRANTS, IN EXCESS OF THE LIMITATION AS SPECIFIED IN NASDAQ RULE 5635(d)(1-2). THE COMMON SHARES MAY BE SOLD AT A DISCOUNT NOT TO EXCEED FIFTEEN PERCENT (15%) OF THE MARKET VALUE AT THE TIME OF ISSUANCE.**

Nasdaq Rule 5635(d)(1-2) ("Nasdaq Rule") prevents the issuance of new shares totaling more than 20%, approximately 6.8 million, of the Company's total outstanding common shares at less than book or market value unless the Company obtains shareholder approval. The Company is requesting approval to issue an additional 7.5 million common shares beyond the approximately 6.8 million maximum now available in accordance with Nasdaq Rule 5635(d)(1-2). This additional share issuance authorization would provide the Company with the flexibility, if deemed necessary and prudent, to raise additional financing.

Shareholder approval will not obviate the need for Nasdaq approval for an application for listing these additional shares or for compliance with the Securities Act of 1933, the Securities Exchange Act of 1934 or other Nasdaq requirements. Any proposed offering of these additional shares, if approved, will likely be priced at a discount, however, the discount will not exceed fifteen percent (15%) of the Company's market price of its shares of publicly traded common stock. The market price for the Company's shares shall mean the weighted average closing price for the Company's common stock for the five consecutive trading days immediately prior to issuance of the new shares. The shares may be issued in one or more transactions and the market price shall be determined for each issuance.

If Proposal 2 is approved and the Company deems it necessary to issue such additional shares, shareholders may experience substantial dilution as the total shares outstanding could increase from approximately 34 million to approximately 48.3 million shares (assuming all of the additional 7.5 million shares are issued as well as the approximate 6.8 million shares allowed without shareholder approval under Nasdaq rules). The Common Stock that may be issued if Proposal 2 is approved by shareholders will have the same rights as our existing Common Stock, which does not have any preemptive rights associated with it.

The approval of Proposal 2 requires the affirmative vote of a majority of the shares actually voting at the meeting, assuming a quorum is present.

Possible Requirement for Additional Share Issuance Financing

With respect to Proposal 2, the Board believes that it is very important that the Company be granted the flexibility to raise additional financing, only if necessary and prudent, through the issuance of common shares at a maximum discount to the market value of 15%, beyond the 20% of our existing outstanding shares as presently permitted under Nasdaq regulations. The Company announced a new strategic plan, on November 11, 2009, to divest its non-core subsidiaries Alanco/TSI PRISM, Inc. and Excel Meridian Data, Inc., and focus upon accelerating growth of the Company's wireless monitoring services business, StarTrak Systems, LLC. The Company believes that sales proceeds from the divestiture program should be sufficient to finance its new strategic growth plan. However, in the event that divesture of these businesses, particularly the larger Alanco/TSI Prism Subsidiary, is delayed, the Company may require additional interim financing, and, therefore, requests approval of this standby authorization to offer the additional 7.5 million shares as proposed.

The Board unanimously recommends that the shareholders vote "FOR" Proposal 2 to approve, for the purposes of Nasdaq Rule 5635(d)(1-2), the issuance of up to 7.5 million additional shares of common stock (including shares of common stock issuable on exercise of warrants to purchase shares of common stock) that may be sold at a discount that will not exceed fifteen percent (15%) of the market value at the time of issuance.

RULE 5635(d)(1-2) DISCLAIMER:

Proposal 2 is an offer to sell securities of the Company and the Company is not soliciting an offer to buy any securities under the law
of the United States, any state in the United States, or any foreign jurisdiction.

INDEPENDENT AUDITOR

Semple, Marchal & Cooper, LLP, Phoenix, Arizona, was appointed as the Company's Independent Auditor for the fiscal years ended June 30, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, and 2009. The Company anticipates the appointment of Semple, Marchal & Cooper, LLP to audit the Company's financial statements for the fiscal year ending June 30, 2010. A representative of Semple, Marchal & Cooper, LLP is expected to attend the Shareholders' Meeting and will have an opportunity to make a statement if the representative desires to do so and is expected to be available to respond to appropriate questions.

INFORMATION INCORPORATED BY REFERENCE

The SEC allows us to "incorporate by reference" information into this Proxy Statement, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. This Proxy Statement incorporates by reference documents which are not presented in this Proxy Statement or delivered to you with it. The information incorporated by reference is an important part of this Proxy Statement. We incorporate by reference the documents listed below and amendments to them. These documents and their amendments were previously filed with the SEC.

The following documents filed by us with the SEC are incorporated by reference in this Proxy Statement:

1. Our Form 10-K filed with the SEC on September 30, 2009.
2. Our Form 10-Q filed with the SEC on November 16, 2009.

REQUEST FOR COPY OF FORM 10-K

Shareholders may receive a copy of the Form 10-K without charge via e-mail request to alanco@alanco.com, by calling the Company at 480-607-1010, Ext. 857, or by writing to the Company to the attention of the Company's Corporate Secretary at 15575 North 83rd Way, Suite 3, Scottsdale, Arizona 85260.

SHAREHOLDER PROPOSALS TO BE PRESENTED AT THE NEXT ANNUAL MEETING; DISCRETIONARY AUTHORITY; OTHER BUSINESS

Any shareholder who intends to present a proposal at the annual meeting of shareholders for the year ending June 30, 2010, and have it included in the Company's proxy materials for that meeting generally must deliver the proposal to us for our consideration not less than 120 calendar days in advance of the date of the Company's proxy statement released to security holders in connection with the previous year's annual meeting of security holders and must comply with Rule 14a-8 under the Securities Exchange Act of 1934, as amended. In accordance with the above rule, the applicable proposal submission deadline for the 2010 annual meeting of shareholders would be August 12, 2010.

Pursuant to Rule 14a-4 under the Securities Exchange Act of 1934, as amended, the Company intends to retain discretionary authority to vote proxies with respect to shareholder proposals properly presented at the Meeting, except in circumstances where (i) the Company receives notice of the proposed matter a reasonable time before the Company begins to mail its proxy materials (including this proxy statement), and (ii) the proponent complies with the other requirements set forth in Rule 14a-4.

The Board of Directors is not aware of any other business to be considered or acted upon at the Meeting other than that for which notice is provided, but in the event other business is properly presented at the Meeting, requiring a vote of shareholders, the proxy will be voted in accordance with the judgment on such matters of the person or persons acting as proxy (except as described in the preceding paragraph). If any matter not appropriate for action at the Meeting should be presented, the holders of the proxies shall vote against the consideration thereof or action thereon.

ADELE L. MACKINTOSH
SECRETARY

Scottsdale, Arizona

November 24, 2009

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Proxy Solicited by the Board of Directors of Alanco Technologies, Inc.

The undersigned hereby appoints Robert R. Kauffman and John A. Carlson, or any one of them, with full power of substitution, as attorneys-in-fact and proxies to represent the undersigned at the Annual Meeting of Shareholders of Alanco Technologies, Inc. to be held at 15575 N. 83rd Way, Scottsdale, Arizona, at 10:00 a.m. Mountain Standard Time, on January 19, 2010, and at any and all adjournments thereof, to vote in the name and place of the undersigned with all the power which the undersigned would possess if personally present, all of the stock of Alanco Technologies, Inc. standing in the name of the undersigned, upon such business as may properly come before the meeting, including the following as set forth hereon.

A SHAREHOLDER MAY USE CUMULATIVE VOTING FOR THE NOMINEES OF THAT PROPOSAL BY VOTING THE NUMBER OF THE SHARES HELD TIMES THE NUMBER OF DIRECTORS BEING ELECTED ON A SINGLE OR GROUP OF CANDIDATES. SHAREHOLDERS MAY ALSO WITHHOLD AUTHORITY TO VOTE FOR A NOMINEE(S) BY DRAWING A LINE THROUGH THE NOMINEE'S NAME(S). FOR EXAMPLE, A SHAREHOLDER WITH 1,000 SHARES MAY CAST A TOTAL OF 7,000 VOTES (# OF SHARES X 7 DIRECTORS) FOR ALL, ONE, OR A SELECT NUMBER OF CANDIDATES.

PROPOSAL NO. 1 ELECTION TO THE BOARD OF DIRECTORS

o FOR Management nominees listed below equally among all the nominees OR VOTED AS FOLLOWS:

Harold S. Carpenter	_____	Shares	James T. Hecker	_____	Shares	Timothy P. Slifkin	_____	Shares
Robert R. Kauffman	_____	Shares	Thomas C. LaVoy	_____	Shares			
John A. Carlson	_____	Shares	Donald E. Anderson	_____	Shares			

o WITHHOLD AUTHORITY to vote for all nominees listed above.

PROPOSAL NO. 2 **APPROVE A PROPOSAL TO AUTHORIZE THE BOARD OF DIRECTORS, ONLY IF NECESSARY AND PRUDENT, TO ISSUE TO INVESTORS NOT MORE THAN 7.5 MILLION SHARES OF CLASS A COMMON STOCK, INCLUDING SHARES POTENTIALLY ISSUABLE UPON EXERCISE OF WARRANTS, IN EXCESS OF THE LIMITATION AS SPECIFIED IN NASDAQ RULE 5635(d)(1-2). THE COMMON SHARES MAY BE SOLD AT A DISCOUNT NOT TO EXCEED FIFTEEN PERCENT (15%) OF THE MARKET VALUE AT THE TIME OF ISSUANCE.**

o FOR **o** AGAINST **o** ABSTAIN

SHARES REPRESENTED BY THIS PROXY WILL BE VOTED AT THE MEETING IN ACCORDANCE WITH THE SHAREHOLDER'S SPECIFICATION ABOVE. IF THE SHAREHOLDER DOES NOT INDICATE A PREFERENCE, MANAGEMENT INTENDS TO VOTE FOR ALL PROPOSALS LISTED. THIS PROXY CONFERS DISCRETIONARY AUTHORITY IN RESPECT TO MATTERS FOR WHICH THE SHAREHOLDER HAS NOT INDICATED A PREFERENCE OR IN RESPECT TO MATTERS NOT KNOWN OR DETERMINED AT THE TIME OF THE MAILING OF THE NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO THE UNDERSIGNED.

The undersigned revokes any proxies heretofore given by the undersigned and acknowledges receipt of the Notice of Annual Meeting of Shareholders and Proxy Statement furnished herewith.

Dated_____, 200_

_____ _____

Signature(s) should agree with the name(s) hereon. Executors, administrators, trustees, guardians and attorneys should indicate when signing. Attorneys should submit powers of attorney.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF ALANCO. PLEASE SIGN AND RETURN THIS PROXY TO ALANCO TECHNOLOGIES, INC., C/O BROADRIDGE, 51 MERCEDES WAY, EDGEWOOD, NY 11717. THE GIVING OF A PROXY WILL NOT AFFECT YOUR RIGHT TO VOTE IN PERSON IF YOU ATTEND THE MEETING.