

KEITHLEY INSTRUMENTS INC
 Form 4
 April 30, 2008

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
JACKMAN BRIAN J

2. Issuer Name and Ticker or Trading Symbol
KEITHLEY INSTRUMENTS INC [KEI]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
04/29/2008

Director 10% Owner
 Officer (give title below) Other (specify below)

KEITHLEY INSTRUMENTS, INC., 28775 AURORA ROAD

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

SOLON, OH 44139

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D) Price			
Common Shares	04/29/2008		A	1,394 A \$ 0	12,996	D	

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

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.

SEC 1474 (9-02)

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

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Common Stock Option	\$ 13.52					08/05/2005	05/04/2015	Common Stk	10,000
Phantom Stock Units	\$ 10.3776	04/29/2008		A	936.98	<u>(1)</u>	<u>(1)</u>	Common Stk	936.98

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
JACKMAN BRIAN J KEITHLEY INSTRUMENTS, INC. 28775 AURORA ROAD SOLON, OH 44139		X		

Signatures

Mark J. Plush,
Attorney-in Fact

04/30/2008

__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) The phantom stock units were accrued under the Keithley Instruments, Inc. Deferred Stock Plan and are to be settled in common stock or cash upon the retirement from the Board of the reporting person; retirement date is not yet known.
- (2) Phantom shares were acquired on various dates (beginning 05/09/2005) with prices ranging from \$9.1661 to \$15.9963.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ont size="2" face="Times New Roman" style="font-size:10.0pt;">

Income from continuing operations

\$

49,939

\$

50,380

\$

47,084

Income from discontinued operations

654

6,786

Net income

\$

50,593

\$

57,166

Explanation of Responses:

\$

47,084

Weighted average outstanding shares of common stock

32,866

32,962

32,985

Dilutive effect of employee stock options and employee stock purchase plan shares

341

325

436

Explanation of Responses:

4

Common stock and stock equivalents

33,207

33,287

33,421

Basic earnings per share

Income from continuing operations

\$

1.52

\$

1.52

\$

1.43

Income from discontinued operations

0.02

0.21

Basic earnings per share, net income

\$

1.54

Explanation of Responses:

6

\$

1.73

\$

1.43

Diluted earnings per share

Income from continuing operations

\$

1.50

\$

Explanation of Responses:

7

	1.51
\$	
	1.41
Income from discontinued operations	
	0.02
	0.21
Diluted earnings per share, net income	
\$	1.52
\$	1.72
\$	1.41

There were 2,120 outstanding stock options for the year ended June 30, 2004, that were not included in the diluted earnings per share calculation because their effect would have been antidilutive.

Note 16 - Discontinued Operations

Explanation of Responses:

The company continues to guarantee three leases for office premises for Wellspring. During fiscal year 2004, the company received sublease income of approximately \$0.1 million in excess of lease payments related to this business. Since the second quarter of fiscal year 2003, the leases have been generating positive cash flows of approximately \$0.1 million per fiscal year.

During the third quarter of fiscal years 2003 and 2004, the company evaluated its accrual for the estimated remaining future obligations and costs related to the exit from Wellspring. The evaluations included an analysis of occupancy rates of Wellspring, along with an analysis of real estate market conditions in cities in which the leases exist and an assessment of probable future sublease income for these leases. As a result of the analysis performed during fiscal years 2003 and 2004, the company reduced its accrual by \$11.4 million and \$1.0 million, respectively, less the associated income tax expenses. Such adjustments are reflected in the Consolidated Statement of Operations for the third quarter of fiscal years 2003 and 2004 in the line Adjustment to reduce estimated loss on disposal of discontinued operations. The remaining noncurrent liability of \$3.0 million represents management's estimate of potential future cash outflows related to guarantees associated with Wellspring leases.

Note 17 - Targeted Job Reductions

We eliminated approximately 100 positions in our North American region during the first quarter of fiscal year 2004. A charge to earnings of \$2.6 million related to these reductions was included in the company's financial results for the quarter ended September 30, 2003. We eliminated an additional 22 positions in our North American region during the second quarter of fiscal year 2004, resulting in a charge to earnings of \$0.7 million in the company's financial results for the quarter ended December 31, 2003. Of the \$3.3 million of total severance charges, \$3.2 million was included in salaries and employee benefits and \$0.1 million was included in professional and subcontracted services during fiscal year 2004.

Also, we eliminated approximately 70 positions in our North American region during the second quarter of fiscal year 2003. A charge to earnings of \$2.0 million related to these reductions was included in the company's financial results for the quarter ended December 31, 2002. Of the \$2.0 million severance charge, \$1.8 million was included in salaries and employee benefit expenses and \$0.2 million was included in professional and subcontracted services.

Note 18 Professional Consultants Insurance Company (PCIC) Other Non-operating Gain

On July 9, 2003, the Board of Directors of PCIC, a captive insurance company of which we own 34.8 percent, decided to pass on to each of its owners a credit in their 2003-04 policy year in connection with benefits received from an aggregate stop loss insurance policy entered into by PCIC. PCIC's Board of Directors determined that this credit would be used to offset all or a portion of each insured's obligation to PCIC for historical loss experience. As a result, the Company recorded a \$5.6 million pre-tax non-operating gain in the first quarter of fiscal year 2004 and included this gain in Other non-operating income in the Consolidated Statements of Operations.

As a result of this gain, the Company also recorded a \$5.6 million supplemental bonus accrual in the first quarter of fiscal year 2004 that is incremental to the Company's fiscal year end bonus, but will be paid in September 2004 with the regular bonus cycle. This supplemental bonus is included in Salaries and employee benefits.

Note 19 - Sale of U.S.-Based Public Sector Retirement Business

In fiscal year 2002, we sold our U.S.-based public sector retirement business to Gabriel, Roeder, Smith & Company (GRS). The future consideration from the sale of the U.S.-based public sector retirement business is contingent upon the successful transition of certain clients to GRS and upon their retention by GRS. Simultaneous with the sale, we entered into an alliance agreement with GRS under which we will

mutually refer future business opportunities and explore joint consulting assignments.

In accordance with the terms of the sale, GRS paid the Company \$0.5 million of contingent payments in each of the first quarters of fiscal years 2003 and 2004. The amount of additional contractual cash payments over the upcoming three fiscal years is also contingent upon the successful transition of certain clients to GRS and upon their retention by GRS.

Note 20 - Quarterly Financial Data (unaudited)

Unaudited, summarized financial data by quarter for the years ended June 30, 2004 and 2003, is as follows (in thousands, except per share amounts):

	September 30	2004 Quarter Ended			June 30
		December 31	March 31	June 30	
Revenue	\$ 170,983	\$ 170,353	\$ 180,655	\$ 180,014	
Income from operations	13,053	17,060	21,024	17,333	
Income from continuing operations before income taxes	21,182	18,305	23,350	19,707	
Income from continuing operations	12,497	10,802	13,976	12,664	
Discontinued operations	10	16	613	15	
Net income	12,507	10,818	14,589	12,679	
Earnings per share:					
Continuing operations, basic	0.38	0.33	0.42	0.39	
Continuing operations, diluted	0.37	0.32	0.42	0.39	
Discontinued operations, basic			0.02		
Discontinued operations, diluted			0.02		
Net income, basic	0.38	0.33	0.44	0.39	
Net income, diluted	0.37	0.32	0.44	0.39	

	September 30	2003 Quarter Ended			June 30
		December 31	March 31	June 30	
Revenue	\$ 178,958	\$ 174,624	\$ 177,596	\$ 178,438	
Income from operations	20,530	18,178	19,609	19,539	
Income from continuing operations before income taxes	22,141	20,582	21,081	21,591	
Income from continuing operations	13,063	12,144	12,441	12,732	
Discontinued operations			6,752	34	
Net income	13,063	12,144	19,193	12,766	
Earnings per share:					
Continuing operations, basic	0.40	0.37	0.37	0.39	
Continuing operations, diluted	0.39	0.36	0.37	0.38	
Discontinued operations, basic			0.21		
Discontinued operations, diluted			0.21		
Net income, basic	0.40	0.37	0.58	0.39	
Net income, diluted	0.39	0.36	0.58	0.38	

WATSON WYATT & COMPANY HOLDINGS

Schedule II

Valuation and Qualifying Accounts and Reserves

(Thousands of U.S. Dollars)

Description	Balance at Beginning of Year	Additions Charged Against (Credited to) Revenue	Additions Charged to Other Accounts	Deductions	Balance at End of Year
<u>Year Ended June 30, 2004</u>					
Allowance for Uncollectible accounts	\$ 862	\$ 5,468	\$	\$ (5,089)	\$ 1,241
Allowance for Unbillable accounts	419	37			456
Valuation allowance for deferred tax assets	7,211		3,676(1)		10,887
<u>Year Ended June 30, 2003</u>					
Allowance for Uncollectible accounts	\$ 1,405	\$ 7,871	\$	\$ (8,414)	\$ 862
Allowance for Unbillable accounts	431	(12)			419
Valuation allowance for deferred tax assets	5,463		1,748(1)		7,211
<u>Year Ended June 30, 2002</u>					
Allowance for uncollectible accounts	\$ 2,695	\$ 5,240	\$	\$ (6,530)	\$ 1,405
Allowance for unbillable accounts	1,130	(699)			431
Valuation allowance for deferred tax assets	5,911		(448)(2)		5,463

(1) The net increase is primarily due to the tax effect of the change in realizable foreign net operating losses and other foreign temporary differences.

(2) The net decrease is primarily due to the tax effect of the change in realizable foreign tax credits, foreign net operating loss carryforwards and other foreign temporary differences.

Item 15(c). Exhibit Index.

3.1	Amended and Restated Certificate of Incorporation of Watson Wyatt & Company Holdings(1)
3.2	Amended and Restated Bylaws of Watson Wyatt & Company Holdings(2)
4	Form of Certificate Representing Common Stock(1)
10.1	Credit Agreement Among Suntrust Bank and Others dated June 30, 2004(8)
10.2	Senior Officer Deferred Compensation Plan(4)
10.3	Form of agreement among Watson Wyatt & Company, Watson Wyatt & Company Holdings and employee directors, executive officers and significant stockholders restricting the transfer of shares(3)
10.4	2001 Deferred Stock Unit Plan for Selected Employees(5)
10.5	Compensation Plan for Outside Directors(6)
10.6	Lease between Watson Wyatt & Company and Arlington Office, L.L.C., dated April 27, 2004(7)
21	Subsidiaries of Watson Wyatt & Company Holdings(8)
23	Consent of the Company s Independent Registered Public Accounting Firm(8)
31.1	Certification of Chief Executive Officer Pursuant to Securities Exchange Act Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002(8)
31.2	Certification of Chief Financial Officer Pursuant to Securities Exchange Act Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002(8)
32	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Title 18, U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(1) Incorporated by reference from Registrant s Form S-3/A, Amendment No. 1 (File No. 33-394973), filed on March 17, 2000

(2) Incorporated by reference from Registrant s Form 10-Q, filed on May 2, 2001

(3) Incorporated by reference from Registrant s Form S-3/A, Amendment No. 5 (File No. 33-394973), filed on September 14, 2000

(4) Incorporated by reference from Registrant s Form 10-K, filed on August 15, 2001

(5) Incorporated by reference from Registrant s Form DEF14A, filed on October 17, 2003

(6) Incorporated by reference from Registrant s Form S-8, filed on December 19, 2001

(7) Incorporated by reference from Registrant s Form 10-Q, filed on May 7, 2004

(8) Filed with this Form 10-K