

KEITHLEY INSTRUMENTS INC
 Form 4
 September 18, 2007

FORM 4

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

OMB APPROVAL

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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 *
KEITHLEY JOSEPH P

(Last) (First) (Middle)

KEITHLEY INSTRUMENTS, INC., 28775 AURORA ROAD

(Street)

SOLON, OH 44139

(City) (State) (Zip)

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

3. Date of Earliest Transaction (Month/Day/Year)
09/14/2007

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

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

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 Indirect Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|--|
| | | | | (A) or (D) | Price | | |
| Class B Common Shares | | | | | 1,954,816 | I | Partnership (1) |
| Class B Common Shares | | | | | 46,062 | I | Trust (2) |
| Class B Common Shares | | | | | 130,000 | D | |
| Common | 09/14/2007 | | M | 30,000 A | \$ 65,206 (3) | D | |

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| | | | | | | | | |
|---|------------|--|---|--------|---|---------|--------|------|
| Shares | | | | | | 5.7188 | | |
| Common Shares | 09/14/2007 | | F | 17,815 | D | \$ 9.63 | 47,391 | D |
| Restricted Common Shares ⁽⁴⁾ | | | | | | | 5,232 | D |
| Common Shares | | | | | | | 2,448 | I |
| | | | | | | | | Wife |

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.

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(9-02)

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

| 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 Security (Instr. 3 and 4) | Amount of Underlying Security |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title |
| Common Share Option | \$ 5.7188 | 09/14/2007 | | M | 30,000 | 09/20/2001 | 09/19/2007 | Common Shares |
| Common Share Option | \$ 4.9375 | | | | | 12/06/2001 | 12/05/2007 | Common Shares |
| Common Share Option | \$ 45.125 | | | | | 08/02/2002 | 08/01/2010 | Common Shares |
| Common Share Option | \$ 18.41 | | | | | 07/25/2003 ⁽⁵⁾ | 07/24/2011 | Common Shares |
| Common Share Option | \$ 13.76 | | | | | 07/24/2004 ⁽⁵⁾ | 07/23/2012 | Common Shares |
| Common Share Option | \$ 16.12 | | | | | 08/10/2005 | 07/18/2013 | Common Shares |
| Common Share Option | \$ 18.75 | | | | | 02/15/2005 | 07/16/2014 | Common Shares |
| Common Share Option | \$ 15.05 | | | | | 10/04/2007 ⁽⁶⁾ | 10/03/2015 | Common Shares |
| | \$ 0 | | | | | 09/30/2008 | 02/01/2012 | |

Performance
Award Unit

Common
Shares

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|-------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| KEITHLEY JOSEPH P KEITHLEY INSTRUMENTS, INC. 28775 AURORA ROAD SOLON, OH 44139 | X | X | Director, Chairman, CEO | |

Signatures

Mark J. Plush,
Attorney-in Fact

09/18/2007

__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) Keithley Investment Co. Limited Partnership
- (2) Joseph F. Keithley 1988 Family Trust - reporting person is Trustee
- (3) Includes 1,308 shares for which restrictions lapsed on December 1, 2006, which were previously reported as restricted shares.
- (4) Restricted shares will become fully vested on December 1, 2010
- (5) Date reported applies to 50% of total, one-half of the balance is then exercisable in each succeeding year.
- (6) Date applies to 50% of total, remaining balance is exercisable the following year on anniversary date

(7) Each Performance Award Unit represents the right to receive one common share at the end of the applicable performance period. The number of units actually earned is subject to adjustment based upon the Company's revenue growth versus that of a defined Peer Group, as well as the Company maintaining an acceptable level of profitability. Minimum number of units is 0 while the maximum number of units is two times the target number shown.

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.