

KEITHLEY INSTRUMENTS INC
 Form 4
 August 30, 2007

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

OMB APPROVAL

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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 *
GAFFNEY ALAN S

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)
08/29/2007

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 VP Comm Mkt & Info Sys

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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | Code | V | Amount | (A) or (D) | Price |
| Common Shares | 03/30/2007 | | J ⁽¹⁾ | | 4 | A | \$ 15.1899 |
| Common Shares | 06/29/2007 | | J ⁽¹⁾ | | 5 | A | \$ 12.6769 |
| Common Shares | 08/29/2007 | | M | | 2,000 | A | \$ 4.125 |
| | | | | | | | 3,754 |

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

SEC 1474 (9-02)

displays a currently valid OMB control number.

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 or Number of Shares | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|----------------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Common Share Option | \$ 4.125 | 08/29/2007 | | M | 2,000 | 07/17/2001 | 07/16/2009 | Common Shares | 2,000 |
| Common Share Option | \$ 19.9688 | | | | | 04/06/2002 | 04/05/2010 | Common Shares | 6,000 |
| Common Share Option | \$ 45.125 | | | | | 08/02/2002 | 08/01/2010 | Common Shares | 8,000 |
| Common Share Option | \$ 18.41 | | | | | 07/25/2003 ⁽²⁾ | 07/24/2011 | Common Shares | 15,000 |
| Common Share Option | \$ 13.76 | | | | | 07/24/2004 ⁽²⁾ | 07/23/2012 | Common Shares | 25,000 |
| Common Share Option | \$ 16.12 | | | | | 08/10/2005 ⁽³⁾ | 07/18/2013 | Common Shares | 28,000 |
| Common Share Option | \$ 18.75 | | | | | 02/15/2005 ⁽⁴⁾ | 07/16/2014 | Common Shares | 24,000 |
| Common Share Option | \$ 15.05 | | | | | 10/04/2007 ⁽²⁾ | 10/03/2015 | Common Shares | 6,000 |
| Performance Award Unit | \$ 0 | | | | | 09/30/2008 | 02/01/2012 | Common Shares | 4,000 |
| Common Share Option | \$ 14 | | | | | 01/30/2009 ⁽²⁾ | 01/30/2017 | Common Shares | 6,000 |
| Performance Award Unit | \$ 0 | | | | | 09/30/2009 | 02/01/2012 | Common Shares | 4,000 |

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

GAFFNEY ALAN S
KEITHLEY INSTRUMENTS, INC.
28775 AURORA ROAD
SOLON, OH 44139

VP Comm Mkt & Info Sys

Signatures

Mark J. Plush,
Attorney-in Fact

08/30/2007

__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) Acquired through Employee Stock Purchase and Dividend Reinvestment Plan.
- (2) Date reported applies to 50% of total, one-half of the balance is then exercisable in each succeeding year
- (3) Option became fully vested on August 10, 2005
- (4) Option became fully vested on February 15, 2005

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.