

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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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 *
KEITHLEY JOSEPH P

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)

KEITHLEY INSTRUMENTS, INC., 28775 AURORA ROAD

(Street)

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

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

SOLON, OH 44139

(City) (State) (Zip)

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

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 or Disposed of (A) or (D) Code V Amount (D) Price	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)
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.

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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	Amount of Underlying Security
Common Share Option	\$ 5.7188	09/14/2007		M	30,000	09/20/2001	09/19/2007	Common Shares	30,000
Common Share Option	\$ 4.9375					12/06/2001	12/05/2007	Common Shares	6,000
Common Share Option	\$ 45.125					08/02/2002	08/01/2010	Common Shares	12,000
Common Share Option	\$ 18.41					07/25/2003 ⁽⁵⁾	07/24/2011	Common Shares	10,000
Common Share Option	\$ 13.76					07/24/2004 ⁽⁵⁾	07/23/2012	Common Shares	10,000
Common Share Option	\$ 16.12					08/10/2005	07/18/2013	Common Shares	10,000
Common Share Option	\$ 18.75					02/15/2005	07/16/2014	Common Shares	7,000
Common Share Option	\$ 15.05					10/04/2007 ⁽⁶⁾	10/03/2015	Common Shares	5,000
	\$ 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.