

KEITHLEY INSTRUMENTS INC
 Form 4
 November 10, 2008

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)
11/06/2008

____ 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 Indirect Beneficial Ownership (Instr. 4)
				(A) or (D) Code V Amount (D) Price			
Common Shares	12/31/2007		J ⁽¹⁾	7 A \$ 9.72	3,768	D	
Common Shares	03/31/2008		J ⁽¹⁾	6 A \$ 9.8601	3,774	D	
Common Shares	06/30/2008		J ⁽¹⁾	7 A \$ 9.67	3,781	D	
Common Shares	09/30/2008		J ⁽¹⁾	8 A \$ 8.3978	3,789	D	
Common Shares	11/06/2008		M	2,300 A <u>(2)</u>	6,089	D	

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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)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
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 ⁽³⁾	07/24/2011	Common Shares	15,000
Common Share Option	\$ 13.76					07/24/2004 ⁽³⁾	07/23/2012	Common Shares	25,000
Common Share Option	\$ 16.12					08/10/2005 ⁽⁴⁾	07/18/2013	Common Shares	28,000
Common Share Option	\$ 18.75					02/15/2005 ⁽⁵⁾	07/16/2014	Common Shares	24,000
Common Share Option	\$ 15.05					10/04/2007 ⁽³⁾	10/03/2015	Common Shares	6,000
Performance Award Unit	<u>(2)</u>	11/06/2008		M	2,300 <u>(2)</u>	09/30/2008 ⁽⁶⁾	<u>(6)</u>	Common Shares	2,300 (0)
Common Share Option	\$ 14					01/30/2009 ⁽³⁾	01/30/2017	Common Shares	6,000
Performance Award Unit	\$ 0					09/30/2009 ⁽⁶⁾	<u>(6)</u>	Common Shares	4,000 (0)
Common Share Option	\$ 9.12					11/09/2009 ⁽³⁾	11/09/2017	Common Shares	5,400
Performance Award Unit	\$ 0					09/30/2010 ⁽⁶⁾	<u>(6)</u>	Common Share	4,100 (0)

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, 11/10/2008
 Attorney-in Fact

**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.
 Each Performance Award Unit represents a right to receive one common share. The number of Performance Award Units initially granted was a target amount, and the number of Performance Award Units that vested and converted to common shares was based upon: a) the Company's revenue growth as compared to a defined Peer Group; and b) the Company maintaining an acceptable level of profitability during the performance period which ended on September 30, 2008. Performance Award Units that did not vest were forfeited.
 - (3) Date reported applies to 50% of total, one-half of the balance is then exercisable in each succeeding year
 - (4) Option became fully vested on August 10, 2005
 - (5) Option became fully vested on February 15, 2005
 Each Performance Award Unit represents the right to receive one common share. The number of units initially awarded, the target, is shown above. The actual number of units that will be awarded and converted to shares is based upon: a) the Company's revenue growth as compared to a defined Peer Group and, b) the Company maintaining an acceptable level of profitability during the performance period which ends on the date exercisable (the "vesting date"). Awarded units are automatically converted to shares under the Plan on or before the December 31st following the Vesting Date.

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.