KEITHLEY INSTRUMENTS INC

Form 4

October 29, 2010

FORM 4

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

OMB Number: 3235-0287

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Check this box if no longer subject to Section 16.

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Expires: January 31, 2005

0.5

OMB APPROVAL

Form 4 or Form 5 obligations may continue. See Instruction

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

2. Issuer Name and Ticker or Trading

,

5. Relationship of Reporting Person(s) to

1(b).

Shares

(Print or Type Responses)

1. Name and Address of Reporting Person *

HOERSTEN MARK A			Symbol KEITHLEY INSTRUMENTS INC [KEI]					Issuer (Check all applicable)			
(Last)	(First)	(Month/I			ransaction			Director 10% Owner Other (specify below) below)			
KEITHLEY INSTRUMENTS, INC., 28775 AURORA ROAD			10/2//2	10/27/2010				VP Business Management			
(Street)			4. If Amendment, Date Original Filed(Month/Day/Year)					6. Individual or Joint/Group Filing(Check Applicable Line) _X_ Form filed by One Reporting Person			
SOLON, O	H 44139							Form filed by M Person	Iore than One Re	porting	
(City)	(State)	(Zip)	Tab	le I - Non-	Derivative	Secu	rities Acqu	ired, Disposed of	, or Beneficial	ly Owned	
1.Title of Security (Instr. 3)	2. Transaction I (Month/Day/Ye	ear) Execution	med 3. 4. Securities Acquired on Date, if Transaction(A) or Disposed of (D) Code (Instr. 3, 4 and 5) Day/Year) (Instr. 8)			d of (D)	5. Amount of Securities Beneficially Owned Following Reported	7. Nature of Indirect Beneficial Ownership (Instr. 4)			
				Code V	Amount	or	Price	Transaction(s) (Instr. 3 and 4)			
Common Shares	01/06/2010			<u>J(1)</u>	10	A	\$ 4.552	6,225	D		
Common Shares	04/06/2010			<u>J(1)</u>	7	A	\$ 6.587	6,232	D		
Common Shares	07/06/2010			<u>J(1)</u>	18	A	\$ 8.98	6,250	D		
Common Shares	10/05/2010			<u>J(1)</u>	7	A	\$ 21.447	6,257	D		
Common Shares	10/27/2010			M	5,700 (2)	A	<u>(2)</u>	11,957	D		

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Common Shares 10/27/2010 F $\frac{1,822}{\cancel{(3)}}$ D $\$ 21.53 \ 10,135$ D

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

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SEC 1474

(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)	Code	5. Number proof 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 Amou Underlying Securi (Instr. 3 and 4)	
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amo or Nun of Si
Common Share Option	\$ 18.41					07/25/2003(4)	07/24/2011	Common Shares	25,
Common Share Option	\$ 13.76					07/24/2004(4)	07/23/2012	Common Shares	30,
Common Share Option	\$ 16.12					08/10/2005(5)	07/18/2013	Common Shares	30,
Common Share Option	\$ 18.75					02/15/2005(6)	07/16/2014	Common Shares	25,
Common Share Option	\$ 15.05					10/04/2007(4)	10/03/2015	Common Shares	8,8
Common Share Option	\$ 14					01/30/2009(4)	01/30/2017	Common Shares	8,8
Common Share Option	\$ 9.12					11/09/2009(4)	11/09/2017	Common Shares	7,5
Performance Award Unit	(2)	10/27/2010		M	5,700 (2)	09/30/2010(2)	(2)	Common Shares	5,7 (
Common Stock Option	\$ 2.99					02/06/2011(4)	02/06/2019	Common Shares	16,
Restricted Unit Award	\$ 0					<u>(7)</u>	<u>(7)</u>	Common Shares	5,5
Common Share Option	\$ 4.26					12/04/2011(8)	12/04/2019	Common Shares	13,

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Performance Award Unit	\$ 0	09/30/2012 ⁽⁹⁾	<u>(9)</u>	Common Shares	6,6
Restricted Unit Award	\$ 0	(10)	(10)	Common Shares	4,4

Reporting Owners

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

HOERSTEN MARK A KEITHLEY INSTRUMENTS, INC. 28775 AURORA ROAD SOLON, OH 44139

VP Business Management

Signatures

Mark J. Plush, 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 represented the right to receive one common share. The number of units initially awarded was a target (as shown in Table II), and the actual number of units that vested and converted to shares (which could range from 0 shares to twice the
- target number of 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, 2010. Based on the Company's performance, the units converted into a number of shares equal to the target number.
- (3) Shares issuable upon vesting of Performance Award Units were withheld to settle associated tax liabilities.
- (4) Date reported applies to 50% of total, one-half of the balance is then exercisable in each succeeding year.
- (5) Option became fully vested on August 10, 2005
- (6) Option became fully vested on February 15, 2005
- (7) Restricted unit awards will become fully vested on February 6, 2013. Common shares represented by such vested restricted unit awards will be delivered promptly after such vesting date.
- (8) Date applies to 50% of total, remaining balance is exercisable the following year on anniversary date
 - Each Performance Award Unit represents a right to receive one common share. The number of units comprising the initial award are adjusted (ranging from a maximum of twice the number of units comprising the initial award, to a minimum of no units), based on
- (9) award program metrics that compare the Company's total shareholder return performance occurring during the Measurement Period to comparable total shareholder return performance reported by companies in the Russell Microcap Index. Awarded units earned based on these metrics as of September 30, 2012 (the vesting date) are converted to shares under the Plan and will be issued on or before December 31, 2012.
- (10) Restricted unit awards will become fully vested on December 4, 2013. Common Shares represented by such vested restricted unit awards will be delivered promptly after such 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.

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