

KEITHLEY INSTRUMENTS INC
 Form 4
 December 10, 2010

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 *
 PENDERGRASS LARRY L

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)
 12/08/2010

____ Director ____ 10% Owner
 Officer (give title below) ____ Other (specify below)
 VP New Product Development

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	12/08/2010		D(1)	6,533 D \$ 21.6	0	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)

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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 Underlying Security (Instr. 3 and 4)
Common Share Option	\$ 12.43	12/08/2010		D ⁽²⁾	20,000	05/20/2005 ⁽³⁾ 05/19/2013	Common Shares
Common Share Option	\$ 18.75	12/08/2010		D ⁽⁴⁾	25,000	02/15/2005 ⁽⁵⁾ 07/16/2014	Common Shares
Common Share Option	\$ 15.05	12/08/2010		D ⁽⁶⁾	8,800	10/04/2007 ⁽³⁾ 10/03/2015	Common Shares
Common Share Option	\$ 14	12/08/2010		D ⁽⁷⁾	9,600	01/30/2009 ⁽³⁾ 01/30/2017	Common Shares
Common Share Option	\$ 9.12	12/08/2010		D ⁽⁸⁾	8,300	11/09/2009 ⁽³⁾ 11/09/2017	Common Shares
Common Share Option	\$ 2.99	12/08/2010		D ⁽⁹⁾	17,400	02/06/2011 ⁽³⁾ 02/06/2019	Common Shares
Restricted Unit Award	\$ 0	12/08/2010		D ⁽¹⁰⁾	5,800	⁽¹¹⁾ ⁽¹¹⁾	Common Shares
Common Share Option	\$ 4.26	12/08/2010		D ⁽¹²⁾	13,200	12/04/2011 ⁽³⁾ 12/04/2019	Common Shares
Performance Award Unit	\$ 0	12/08/2010		D ⁽¹⁰⁾	6,600	09/30/2012 ⁽¹³⁾ ⁽¹³⁾	Common Shares
Restricted Unit Award	\$ 0	12/08/2010		D ⁽¹⁰⁾	4,400	⁽¹⁴⁾ ⁽¹⁴⁾	Common Shares

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
PENDERGRASS LARRY L KEITHLEY INSTRUMENTS, INC. 28775 AURORA ROAD SOLON, OH 44139			VP New Product Development	

Signatures

Mark J. Plush,
Attorney-in Fact 12/10/2010

**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) Disposed of pursuant to an Agreement and Plan of Merger, dated as of September 29, 2010 (the "Merger Agreement") by and among Danaher Corporation, Aegean Acquisition Corp. and the Issuer in exchange for the merger consideration of \$21.60 in cash per share.
 - (2) The options were cancelled pursuant to the Merger Agreement in exchange for the merger consideration of \$21.60 in cash per share, less the exercise price per share of \$12.43.
 - (3) Date reported applies to 50% of total, one-half of the balance is then exercisable in each succeeding year.
 - (4) The options were cancelled pursuant to the Merger Agreement in exchange for the merger consideration of \$21.60 in cash per share, less the exercise price per share of \$18.75.
 - (5) Option became fully vested on February 15, 2005
 - (6) The options were cancelled pursuant to the Merger Agreement in exchange for the merger consideration of \$21.60 in cash per share, less the exercise price per share of \$15.05.
 - (7) The options were cancelled pursuant to the Merger Agreement in exchange for the merger consideration of \$21.60 in cash per share, less the exercise price per share of \$14.00.
 - (8) The options were cancelled pursuant to the Merger Agreement in exchange for the merger consideration of \$21.60 in cash per share, less the exercise price per share of \$9.12.
 - (9) The options were cancelled pursuant to the Merger Agreement in exchange for the merger consideration of \$21.60 in cash per share, less the exercise price per share of \$2.99.
 - (10) The units were cancelled pursuant to the Merger Agreement in exchange for the merger consideration of \$21.60 in cash per share.
 - (11) Restricted unit awards were to become fully vested on February 6, 2013. Common shares represented by such vested restricted unit awards were to be delivered promptly after such vesting date.
 - (12) The options were cancelled pursuant to the Merger Agreement in exchange for the merger consideration of \$21.60 in cash per share, less the exercise price per share of \$4.26.
Each Performance Award Unit represented a right to receive one common share. The number of units comprising the initial award were to be adjusted (ranging from a maximum of twice the number of units comprising the initial award, to a minimum of no units), based on 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) were to be converted to shares under the Plan and will be issued on or before December 31, 2012.
 - (14) Restricted unit awards were to become fully vested on December 4, 2013. Common Shares represented by such vested restricted unit awards were to 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.

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