

ETSLER PHILIP
Form 5
October 30, 2006

FORM 5

**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).
Form 3 Holdings Reported Form 4 Transactions Reported

ANNUAL 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

1. Name and Address of Reporting Person *
ETSLER PHILIP

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. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
09/30/2006

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
VP Human Resources

KEITHLEY INSTRUMENTS,
INC., 28775 AURORA ROAD

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Reporting

(check applicable line)

SOLON, OH 44139

Form Filed by One Reporting Person
 Form Filed by More than One Reporting Person

(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 at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
				Amount	(A) or (D)	Price			
Common Shares	03/31/2006	^	J ⁽¹⁾	84	A	\$ 15.32	34,954	D	^
Common Shares	06/30/2006	^	J ⁽¹⁾	103	A	\$ 12.1726	35,057	D	^
Common Shares	09/29/2006	^	J ⁽¹⁾	96	A	\$ 13.0799	35,153	D	^
	^	^	^	^	^	^	7,218	D	^

Restricted
Common
Shares (2)

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 or Number of Shares
					(A) (D)	Date Exercisable Expiration Date	Title	
Common Share Option	\$ 5.7188	Â	Â	Â	Â Â	09/20/1999 09/19/2007	Common Shares	7,0
Common Share Option	\$ 2.5313	Â	Â	Â	Â Â	09/12/2000 09/11/2008	Common Shares	12,
Common Share Option	\$ 4.125	Â	Â	Â	Â Â	07/17/2001 07/16/2009	Common Shares	27,
Common Share Option	\$ 45.125	Â	Â	Â	Â Â	08/02/2002 08/01/2010	Common Shares	24,
Common Share Option	\$ 18.41	Â	Â	Â	Â Â	07/25/2003 ⁽³⁾ 07/24/2011	Common Shares	22,
Common Share Option	\$ 13.76	Â	Â	Â	Â Â	07/24/2004 ⁽⁴⁾ 07/23/2012	Common Shares	22,
Common Share Option	\$ 16.12	Â	Â	Â	Â Â	08/10/2005 ⁽⁵⁾ 07/18/2013	Common Shares	24,
Common Share Option	\$ 18.75	Â	Â	Â	Â Â	02/15/2005 ⁽³⁾ 07/16/2014	Common Shares	21,
Common Share Option	\$ 15.05	Â	Â	Â	Â Â	10/04/2007 ⁽⁴⁾ 10/03/2015	Common Shares	6,4
Performance Award Unit	\$ 0	Â	Â	Â	Â Â	09/30/2008 02/01/2012	Common Shares	5,0 (9)

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
ETSLER PHILIP KEITHLEY INSTRUMENTS, INC. 28775 AURORA ROAD SOLON, OH 44139	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> VP Human Resources	<input type="checkbox"/>

Signatures

Mark J. Plush,
 Attorney-in Fact

10/30/2006

__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) Restricted Shares will become fully vested on January 1, 2012
- (3) Option became fully vested on February 15, 2005
- (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

- 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.
- (6)

Note: File three copies of this Form, one of which must be manually signed. If space provided 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.