

KEITHLEY INSTRUMENTS INC

Form DEFM14A

October 25, 2010

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

**SCHEDULE 14A
(Rule 14a-101)
SCHEDULE 14A INFORMATION**

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934**

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

- o Preliminary Proxy Statement.
- o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)).
- x Definitive Proxy Statement.
- o Definitive Additional Materials.
- o Soliciting material Pursuant to §240.14a-12.

KEITHLEY INSTRUMENTS, INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- o No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

Common shares, without par value, of Keithley Instruments, Inc. (the Registrant)
Class B common shares, without par value, of the Registrant

(2) Aggregate number of securities to which transaction applies:

As of October 7, 2010, 13,684,523 common shares, 2,150,502 Class B common shares, options to purchase 2,343,551 Common shares having an exercise price less than \$21.60 per share, restricted share units representing 216,675 Common shares and performance share units representing 205,675 Common shares

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

As of October 7, 2010, there were (i) 13,684,523 common shares, (ii) 2,150,502 Class B common shares, (iii) options to purchase 2,343,551 common shares with an exercise price less than \$21.60 per common share outstanding, and (iii) 216,675 restricted share units and 205,675 common shares issuable under performance award units granted under the Registrant's stock incentive plans. The filing fee was determined by adding (x) the product of (I) the number of common shares and Class B common shares that are proposed to be acquired in the merger and (II) the merger consideration of \$21.60 in cash per common share and Class B common share, plus (y) \$18,479,820 expected to be paid to holders of options to purchase common shares with an exercise price of less than \$21.60 per common share in exchange for the cancellation of such options, plus (z) the product of (I) the aggregate number of restricted share units and performance award units granted under the Registrant's stock incentive plans and (II) the merger consideration of \$21.60 in cash per common share (x, y and z together, the Total Consideration). The payment of the filing fee, calculated in accordance with Exchange Rule 0-11(c)(1), was calculated by multiplying the Total Consideration by 0.0000713.

(4) Proposed maximum aggregate value of transaction: \$369,639,120

(5) Total fee paid: \$26,355.27

x Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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October 25, 2010

Dear Shareholder:

You are cordially invited to attend a special meeting of shareholders of Keithley Instruments, Inc. to be held on Friday, November 19, 2010 at 9:00 a.m. local time. The meeting will take place at the Cleveland Marriott East, 26300 Harvard Road, Warrensville Heights, Ohio 44122.

At the special meeting, we will ask the holders of our common shares and Class B common shares to approve and adopt an Agreement and Plan of Merger, dated as of September 29, 2010, among Danaher Corporation, Aegean Acquisition Corp. and Keithley Instruments, Inc., and the transactions contemplated by the merger agreement. If the transactions contemplated by the merger agreement are completed, we will become an indirect, wholly-owned subsidiary of Danaher Corporation, and you will be entitled to receive \$21.60 per share in cash, without interest and less any required withholding taxes, for each common share or Class B common share of Keithley Instruments, Inc. that you own at the time of the merger.

After careful consideration, our board of directors, by the unanimous vote of the directors voting on the matter, approved the merger agreement, the merger and the other transactions contemplated by the merger agreement and determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable, fair to and in the best interests of Keithley Instruments, Inc. and our shareholders. **Our board of directors recommends that our shareholders vote FOR approval and adoption of the merger agreement and the transactions contemplated by the merger agreement.** The merger agreement and the transactions contemplated by the merger agreement must be approved and adopted by the affirmative vote of holders of a majority of the voting power of our outstanding common shares and Class B common shares (voting together as one class) that are entitled to vote at the special meeting.

The proxy statement accompanying this letter provides you with information concerning the merger, the merger agreement and the special meeting. A copy of the merger agreement is attached as Annex A to the proxy statement. We encourage you to read the entire proxy statement and its annexes carefully.

Your vote is very important, regardless of the number of common shares or Class B common shares you own. Under Ohio law and our articles of incorporation and code of regulations, the merger cannot be completed unless holders of a majority of the voting power of our outstanding common shares and Class B common shares (voting together as one class) entitled to vote at the special meeting vote for the approval and adoption of the merger agreement and the transactions contemplated by the merger agreement. You will have one vote for each common share that you owned as of the record date, and you will have ten votes for each Class B common share you owned as of the record date. Pursuant to a voting agreement, a copy of which is attached to the proxy statement as Annex B, Keithley Investment Co. Limited Partnership, a partnership of which Joseph P. Keithley, our chairman of the board of directors, president and chief executive officer, is the general partner, agreed to vote a number of its Class B common shares representing 19.99% of the voting power of Keithley in favor of approval and adoption of the merger agreement and the transactions contemplated by the merger agreement. **If you do not vote, it will have the same effect as a vote against approval and adoption of the merger agreement and the transactions contemplated by the merger agreement.**

Whether or not you plan to attend the special meeting in person, please complete, sign, date and return promptly the enclosed proxy card or submit a proxy by telephone or on the Internet using the instructions provided on the enclosed proxy card. If you hold shares through a bank, brokerage firm or other nominee, you should follow the procedures provided by your broker or nominee. These actions will not limit your right to vote in person if you wish to attend the

special meeting and vote in person.

Thank you in advance for your cooperation and continued support.

Sincerely,

Joseph P. Keithley,
Chairman of the Board, President and Chief Executive Officer

The accompanying proxy statement is dated October 25, 2010 and is first being mailed to our shareholders on or about October 25, 2010.

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**KEITHLEY INSTRUMENTS, INC.
28775 AURORA ROAD
CLEVELAND, OHIO 44139
(440) 248-0400**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
To Be Held On November 19, 2010**

To our Shareholders:

NOTICE IS HEREBY GIVEN that a special meeting of shareholders of Keithley Instruments, Inc. (Keithley or we, us, or our) will be held on Friday, November 19, 2010 at 9:00 a.m. local time. The meeting will take place at the Cleveland Marriott East, 26300 Harvard Road, Warrensville Heights, Ohio 44122, for the purpose of acting upon the following matters:

1. To consider and vote upon a proposal to approve and adopt the Agreement and Plan of Merger, dated as of September 29, 2010, among Danaher Corporation, a Delaware corporation (Danaher), Aegean Acquisition Corp., an Ohio corporation and an indirect wholly-owned subsidiary of Danaher (Merger Sub), and Keithley, and the transactions contemplated by the merger agreement, pursuant to which Merger Sub will merge with and into Keithley and each of our outstanding common shares and Class B common shares (collectively, our Common Shares) (other than any Common Share that is held by Danaher or any of its subsidiaries, held in our treasury or by any of our subsidiaries, or held by shareholders who perfect dissenters' rights under Ohio law) will be converted into the right to receive \$21.60 per Common Share in cash, without interest and less any required withholding taxes.
2. To consider and act upon any other matters that may properly be brought before the special meeting.

After careful consideration, our board of directors, by the unanimous vote of the directors voting on the matter (with one director absent), approved the merger agreement, the merger and the other transactions contemplated by the merger agreement and determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable, fair to, and in the best interests of Keithley and our shareholders. Our board of directors recommends that holders of our Common Shares vote FOR approval and adoption of the merger agreement and the transactions contemplated by the merger agreement.

All holders of record of our Common Shares as of the close of business on October 22, 2010 are entitled to vote at the special meeting.

Approval and adoption of the merger agreement and the transactions contemplated by the merger agreement requires the affirmative vote of the holders of a majority of the voting power of our outstanding Common Shares that are entitled to vote at the special meeting. In connection with the execution of the merger agreement, Keithley Investment Co. Limited Partnership, a partnership of which Joseph P. Keithley, our chairman, president and chief executive officer, is the general partner, entered into a voting agreement pursuant to which it agreed to vote a number of its Class B common shares representing 19.99% of the voting power of our Common Shares in favor of approval and adoption of the merger agreement and the transactions contemplated by the merger agreement.

Regardless of the number of Common Shares you own, your vote is important. Even if you plan to attend the meeting in person, we request that you cast your vote by completing, signing, dating and promptly returning the enclosed proxy card in the enclosed postage-paid envelope or by submitting a proxy by telephone or on the Internet using the instructions provided on the enclosed proxy card. If you sign, date and return your proxy card without

indicating how you want to vote, your proxy will be voted in favor of approval and adoption of the merger agreement and the transactions contemplated by the merger agreement. If you fail to return your proxy card, your Common Shares will not be counted for purposes of determining whether a quorum is present at the special meeting, and such failure will have the same effect as voting against approval and adoption of the merger agreement and the transactions contemplated by the merger agreement.

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Your proxy may be revoked at any time prior to its exercise by your delivery of a properly executed, later-dated proxy card, by your filing a written revocation of your proxy with our secretary at our address set forth above, by submitting a later proxy by telephone or on the Internet, or by revoking your proxy in open meeting at the special meeting. Simply attending the special meeting, however, will not revoke your proxy.

If you own Common Shares and you do not vote in favor of the merger, you can demand to be paid the fair cash value of your Common Shares. In order to do this, you must follow certain procedures mandated by Ohio law, including filing certain notices and not voting your shares in favor of approval and adoption of the merger agreement and the transactions contemplated by the merger agreement. The provisions of the Ohio Revised Code relating to your dissenters' rights are attached to the accompanying proxy statement as Annex D.

We encourage you to read this proxy statement carefully in its entirety. If you have any questions or need assistance voting your Common Shares, please contact our proxy solicitor, Georgeson Inc., at (212) 440-9800 (banks and brokers) or (866) 296-6841 (all others). In addition, you may obtain information about us from certain documents that we have filed with the Securities and Exchange Commission and from our website at www.keithley.com.

By Order of the Board of Directors,

John M. Gherlein
Secretary

October 25, 2010

IMPORTANT: Whether or not you plan to attend the special meeting, please promptly complete, sign, date and return the enclosed proxy card. A self-addressed, postage-paid envelope is enclosed for your convenience. Details are outlined in the enclosed proxy card. If you hold your Common Shares through a bank, brokerage firm or other nominee, you will need to submit your proxy in accordance with the instructions your bank, broker or other nominee provides. Returning a signed proxy will not prevent you from attending the meeting and voting in person, if you wish to do so. Please note that if you execute multiple proxies, the last proxy you execute revokes all previous proxies.

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

The following questions and answers address briefly some questions you may have regarding the merger, the merger agreement and the special meeting. These questions and answers may not address all questions that may be important to you as a shareholder of Keithley Instruments, Inc. Please refer to the more detailed information contained elsewhere in this proxy statement, as well as the additional documents to which it refers, including the merger agreement and the voting agreement, copies of which are attached to this proxy statement as Annexes A and B, respectively. In this proxy statement, we refer to Keithley Instruments, Inc. as we, us, our or Keithley. We refer to Danaher Corporation as Danaher and Aegean Acquisition Corp. as Merger Sub. In addition, we refer to the merger of Keithley and Merger Sub as the merger. We refer to the time the merger becomes effective under all applicable laws as the effective time, we refer to our common shares and our Class B common shares as Common Shares, and we refer to holders of our Common Shares as shareholders.

Q: Why am I receiving this proxy statement?

A: Our board of directors is furnishing this proxy statement in connection with the solicitation of proxies to be voted at a special meeting of shareholders.

Q: What is the proposed transaction?

A: The proposed transaction is the merger of Merger Sub with and into Keithley pursuant to the merger agreement. If the merger agreement and the transactions contemplated by the merger agreement are approved and adopted by our shareholders and the other closing conditions of the merger agreement are satisfied or waived, Merger Sub will merge with and into Keithley. Keithley will be the surviving corporation in the merger and will become an indirect, wholly-owned subsidiary of Danaher.

Q: What will I receive in the merger?

A: Upon completion of the merger, you will receive \$21.60 in cash, without interest and less any required withholding taxes, for each outstanding Common Share that you own. Each Class B common share will receive the same per share amount as each common share. For example, if you own 100 Common Shares, you will receive \$2,160.00 in cash for your Common Shares, less any required withholding taxes. You will not own shares in the surviving corporation.

Q: When can I expect to receive the merger consideration for my shares?

A: Once the merger is completed, you will be sent a letter of transmittal with instructions informing you how to send in your share certificates to the paying agent in order to receive the merger consideration. Once you have submitted your properly completed letter of transmittal, share certificates and other required documents to the paying agent, the paying agent will send you the merger consideration payable with respect to your Common Shares. You should not send your share certificates to us or anyone else until you receive the letter of transmittal.

Q: Where and when is the special meeting?

A: The special meeting will take place at the Cleveland Marriott East, 26300 Harvard Road, Warrensville Heights, Ohio 44122, on Friday, November 19, 2010 at 9:00 a.m. local time.

Q: How does our board of directors recommend that I vote?

A: Our board of directors has approved the merger agreement, the merger and the transactions contemplated by the merger agreement by the unanimous vote of the directors voting on the matter (with one director absent) and has determined that the merger agreement, the merger and the transactions contemplated by the merger agreement are advisable, fair to and in the best interests of Keithley and our shareholders. **Our board of directors recommends that our shareholders vote FOR approval and adoption of the merger agreement and the transactions contemplated by the merger agreement.**

Q: May I attend the special meeting?

A: All shareholders of record at the close of business on October 22, 2010, the record date for the special meeting, may attend the special meeting. You may be asked to present photo identification and proof of ownership of Common Shares for admittance.

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Q: Who can vote at the special meeting?

A: Our shareholders of record at the close of business on the record date are entitled to vote the Common Shares that they held on the record date at the special meeting. The holders of outstanding common shares on that date will be entitled to one vote for each share held, and the holders of outstanding Class B common shares on that date will be entitled to ten votes for each share held. As of the record date, there were outstanding 13,694,023 common shares and 2,150,502 Class B common shares.

Q: What vote is required to approve the merger proposal?

A: Approval and adoption of the merger agreement and the transactions contemplated by the merger agreement requires the affirmative vote of a majority of the voting power of our outstanding Common Shares that are entitled to vote at the special meeting. Because the required vote is based on the voting power of our Common Shares outstanding rather than on the number of votes cast, failing to vote your Common Shares (including as the result of broker non-votes) or abstaining will have the same effect as voting against approval and adoption of the merger agreement and the transactions contemplated by the merger agreement. In connection with the execution of the merger agreement, Keithley Investment Co. Limited Partnership (the Keithley Partnership), a partnership of which Joseph P. Keithley, our chairman, president and chief executive officer is the general partner, entered into a voting agreement (the Voting Agreement) pursuant to which it agreed to vote a number of its Class B common shares representing 19.99% of the voting power of our outstanding Common Shares in favor of approval and adoption of the merger agreement and the transactions contemplated by the merger agreement.

We urge you to complete, sign, date and return the enclosed proxy card to assure the representation of your Common Shares at the special meeting.

Q: What rights do I have if I own shares and oppose the merger?

A: You can vote your Common Shares against approval and adoption of the merger agreement and the transactions contemplated by the merger agreement by indicating a vote against the proposal on your proxy card or by voting against the merger in person at the special meeting. Under the applicable provisions of Ohio law, dissenters' rights are available to our shareholders who do not vote in favor of approval and adoption of the merger agreement.

Q: What happens if I sell my shares before the special meeting?

A: The record date for the special meeting, October 22, 2010, is earlier than the date of the special meeting. If you hold Common Shares on the record date but transfer them before the special meeting without granting a proxy, you will retain your right to vote at the special meeting but not the right to receive the merger consideration for those Common Shares. The right to receive the merger consideration will pass to the person who owns your Common Shares when the merger is completed.

Q: How do I vote my Common Shares?

A: Complete, sign, date and return the enclosed proxy card in the enclosed postage-paid envelope, submit a proxy by telephone or Internet using the instructions provided on the enclosed proxy card, or submit your proxy in accordance with the voting instruction form received from any bank, brokerage firm or other nominee that may hold your Common Shares on your behalf, as soon as possible so that your Common Shares can be voted at the special meeting.

Q: What happens if I do not return a proxy card or vote at the special meeting?

A: If you fail to return your proxy by mail, telephone or Internet, fail to vote in person at the special meeting, or if you mark your proxy abstain, the effect will be the same as voting against approval and adoption of the merger agreement and the transactions contemplated by the merger agreement.

Q: If my Common Shares are held for me by my broker, will my broker vote my Common Shares for me?

A: If you hold your Common Shares through a bank, brokerage firm or other nominee (*i.e.*, in street name), in order to vote your Common Shares you must provide voting instructions on the voting instruction card that your

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bank, brokerage firm or other nominee provides to you. You should instruct your bank, brokerage firm or other nominee as to how to vote your Common Shares following the directions contained in that voting instruction card. If you do not provide instructions to your bank, brokerage firm or other nominee, your Common Shares will not be voted, and this will have the same effect as voting against approval and adoption of the merger agreement and the transactions contemplated by the merger agreement.

Q: May I vote my Common Shares in person?

A: Yes. You may vote in person at the special meeting, rather than by submitting a proxy, if you own Common Shares in your own name. If your shares are held in street name through a bank, brokerage firm or other nominee, you may vote in person at the special meeting by obtaining a legal proxy from your bank, brokerage firm or other nominee and presenting it at the special meeting.

Q: May I change my vote after I have submitted my proxy?

A: Yes. You may change your vote at any time before the Common Shares reflected on your proxy are voted at the special meeting. If you own Common Shares in your name, you can do this in one of three ways. First, you can send a written notice of revocation of your proxy to our secretary at our principal executive offices. Second, you can complete, sign, date and return a new proxy card with a later date than your previously submitted proxy or submit a later proxy by telephone or Internet. Third, you can attend the meeting and revoke your proxy in open meeting. Simply attending the meeting, however, will not revoke your proxy. If you have instructed a bank, brokerage firm or other nominee to vote your Common Shares, you must follow the directions received from the bank, brokerage firm or other nominee to change your instructions.

Q: What do I need to do now?

A: This proxy statement contains important information regarding the merger, the merger agreement and the special meeting, as well as information about Keithley, Danaher and Merger Sub. It also contains important information about some of the factors our board of directors considered in approving the merger agreement, the merger and the other transactions related to the merger. We urge you to read this proxy statement carefully in its entirety, including the annexes. You may also want to review the documents referenced in the section captioned *Where You Can Find Additional Information* beginning on page 52.

Q: Should I send my share certificates now?

A: No. After the merger is completed, the paying agent will send each shareholder a letter of transmittal describing how to exchange share certificates for the merger consideration. At that time, a shareholder must send share certificates with a completed letter of transmittal to the paying agent in order to receive the merger consideration. **You should not return your share certificates with the enclosed proxy card, and you should not forward your share certificates to the paying agent without a letter of transmittal.**

Q: Where can I find more information about Keithley?

A: We file certain information with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. We refer to the Securities and Exchange Commission as the SEC, and we refer to the Securities Exchange Act of 1934, as amended, as the Exchange Act. You may read and copy this information at the SEC's public reference facilities. You may call the SEC at 1-800-SEC-0330 for information about these facilities. This information is also available at the Internet site the SEC maintains at www.sec.gov and on our website at www.keithley.com. Information contained on our website is not part of, or incorporated into, this

proxy statement. You can also request copies of these documents from us. See [Where You Can Find Additional Information](#) beginning on page 52.

Q: How will proxy holders vote my Common Shares?

A: If you properly submit a proxy prior to the special meeting, your Common Shares will be voted as you direct. If you submit a proxy but no direction is otherwise made, your Common Shares will be voted **FOR** approval and adoption of the merger agreement and the transactions contemplated by the merger agreement.

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Q: Whom can I call with questions?

A: We have appointed Georgeson Inc. as our proxy solicitor, whom you may contact as follows:

Georgeson Inc.
199 Water Street, 26th Floor
New York, NY 10038
Banks and Brokers Call: (212) 440-9800
All Others Call Toll-Free: (866) 296-6841

Q: Who will pay the cost of soliciting proxies?

A: We will pay the costs of soliciting proxies for the special meeting. Our officers, directors and employees may solicit proxies by telephone, facsimile or mail, on the Internet or in person. They will not be paid any additional amounts for soliciting proxies. We will also request that banks, brokerage firms and others holding Common Shares in their names, or in the names of their nominees, that are beneficially owned by others, send proxy materials to and obtain proxies from those beneficial owners, and, upon request, will reimburse those holders for their reasonable expenses in performing those services. We have retained Georgeson Inc. to assist us in the solicitation of proxies, and will pay it fees estimated to be approximately \$8,000 plus reimbursement of out-of-pocket expenses. In addition, our arrangement with Georgeson Inc. includes provisions obligating us to indemnify it for certain liabilities that could arise in connection with its solicitation of proxies on our behalf.

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SUMMARY TERM SHEET

This summary highlights selected information in this proxy statement and may not contain all of the information that is important to you. To understand the merger fully, and for a more complete description of the legal terms of the merger and the other transactions contemplated by the merger agreement, we encourage you to carefully read this entire proxy statement, as well as the additional documents to which it refers, including the merger agreement and the voting agreement, copies of which are attached to this proxy statement as Annexes A and B, respectively. Each item in this summary includes a page reference directing you to a more complete description of that item. This proxy statement is first being mailed to our shareholders on or about October 25, 2010.

The Parties to the Merger (page 10)

Keithley Instruments, Inc.
28775 Aurora Road
Cleveland, Ohio 44139
(440) 248-0400

Keithley Instruments, Inc. is an Ohio corporation that designs, develops, manufactures and markets complex electronic instruments and systems geared to the specialized needs of electronics manufacturers for high-performance production testing, process monitoring, product development and research.

Danaher Corporation
2099 Pennsylvania Avenue N.W.
12th Floor
Washington, D.C. 20006
(202) 828-0850

Danaher Corporation is a Delaware corporation that derives its sales from the design, manufacture and marketing of professional, medical, industrial, commercial and consumer products, which are typically characterized by strong brand names, proprietary technology and major market positions.

Aegean Acquisition Corp.
2099 Pennsylvania Avenue N.W.
12th Floor
Washington, D.C. 20006
(202) 828-0850

Aegean Acquisition Corp. is an Ohio corporation and an indirect wholly-owned subsidiary of Danaher Corporation that was formed exclusively for the purpose of effecting the merger.

The Special Meeting (page 8)

Purpose (page 8)

The special meeting will be held on Friday, November 19, 2010 starting at 9:00 a.m. local time at the Cleveland Marriott East, 26300 Harvard Road, Warrensville Heights, Ohio 44122. At the special meeting, shareholders will be asked to consider and vote upon a proposal to approve and adopt the merger agreement and the transactions contemplated by the merger agreement. In connection with the merger, each of our outstanding Common Shares (other than any Common Share that is owned by Danaher or its subsidiaries, held in our treasury or by any of our

subsidiaries, or held by shareholders who perfect dissenters' rights under Ohio law) will be converted into the right to receive \$21.60 per share in cash, without interest and less any required withholding taxes.

The persons named in the accompanying proxy will have discretionary authority to vote upon other business that is unknown by us a reasonable time prior to the solicitation of proxies, if any, that properly comes before the special meeting.

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Record Date and Voting (page 8)

All shareholders of record at the close of business on the record date, which was October 22, 2010, are entitled to receive notice of, to attend, and to vote at the special meeting. You will have one vote for each common share that you owned as of the record date, and you will have ten votes for each Class B common share you owned as of the record date. On the record date, there were outstanding 13,694,023 common shares and 2,150,502 Class B common shares.

The presence at the special meeting, either in person or by proxy, of the holders of a majority of the voting power of Common Shares that were outstanding on the record date will constitute a quorum for purposes of the special meeting. Abstentions and properly executed broker non-votes will be counted as Common Shares present at the special meeting for purposes of determining whether a quorum is present.

Required Vote (page 8)

Completion of the merger requires approval and adoption of the merger agreement and the transactions contemplated by the merger agreement by the affirmative vote of the holders of a majority of the voting power of our outstanding Common Shares entitled to vote at the special meeting. Because the required vote is based on the voting power of our Common Shares outstanding rather than on the number of votes cast, failing to vote your Common Shares (including as a result of broker non-votes) or abstaining will have the same effect as voting against approval and adoption of the merger agreement and the transactions contemplated by the merger agreement.

As of the record date, Joseph P. Keithley, our chairman, president and chief executive officer, together with his affiliates beneficially owned Common Shares representing approximately 61.5% of our total voting power. The Keithley Partnership has entered into the Voting Agreement pursuant to which it agreed to vote a number of its Class B common shares representing 19.99% of the voting power of our outstanding Common Shares in favor of approval and adoption of the merger agreement and the transactions contemplated by the merger agreement. Mr. Keithley has indicated that as of the date hereof he and his affiliates intend to vote in favor of approval and adoption of the merger agreement and the transactions contemplated by the merger agreement.

Proxies; Revocation (page 9)

Our shareholders of record entitled to vote at the special meeting may vote by returning the enclosed proxy, submitting a proxy by telephone or on the Internet, or by attending and voting at the special meeting. If your Common Shares are held in street name by a bank, brokerage firm or other nominee, you should instruct your bank, brokerage firm or other nominee on how to vote your Common Shares using the instructions provided by that bank, brokerage firm or other nominee.

Any proxy may be revoked at any time prior to its exercise by your filing a written revocation of your proxy with our secretary, by your delivery of a properly executed, later-dated proxy card or by submitting a later proxy by telephone or on the Internet, or by your revoking your proxy in open meeting at the special meeting. Simply attending the special meeting, however, will not revoke your proxy.

The Merger (page 34)

On the closing date, upon the terms and subject to the conditions of the merger agreement, and in accordance with Ohio law, Merger Sub will be merged with and into Keithley, with Keithley surviving the merger as an indirect, wholly-owned subsidiary of Danaher. The merger of Merger Sub and Keithley will become effective under all applicable laws (1) at the time a certificate of merger is accepted for filing by the Secretary of State of the State of Ohio or (2) on such later date agreed to by us, Danaher and Merger Sub and specified in the certificate of merger.

Recommendation of Our Board of Directors (page 16)

After careful consideration, our board of directors, by unanimous vote of the directors voting on the matter (with one director absent):

approved the merger agreement, the merger and the other transactions contemplated by the merger agreement;

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declared that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable, fair to and in the best interests of Keithley and our shareholders; and

recommends that shareholders vote **FOR** approval and adoption of the merger agreement and the transactions contemplated by the merger agreement.

Opinion of Stifel, Nicolaus & Company, Incorporated (page 17)

Stifel, Nicolaus & Company, Incorporated (Stifel Nicolaus Weisel), as successor to the investment banking business of Thomas Weisel Partners LLC, delivered its opinion to our board of directors on September 28, 2010 that, as of the date of such opinion and based upon and subject to the factors and assumptions set forth in the opinion, the \$21.60 in cash merger consideration to be received by the holders of Common Shares issued and outstanding immediately prior to the effective time of the merger, other than dissenting shares under applicable law and Common Shares held by Danaher or any subsidiary of Danaher or held by Keithley or any subsidiary of Keithley immediately prior to the effective time of the merger (the Shares), in connection with the merger pursuant to the merger agreement was fair to such holders of Shares, from a financial point of view (the Opinion).

The full text of the written Opinion of Stifel Nicolaus Weisel, dated September 28, 2010, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the Opinion, is attached as Annex C to this proxy statement. Shareholders should read the Opinion in its entirety. Stifel Nicolaus Weisel provided its Opinion for the information and assistance of our board of directors in connection with its consideration of the merger. Stifel Nicolaus Weisel's Opinion is not a recommendation as to how any shareholder should vote with respect to the merger.

Financing (page 24)

Danaher has represented in the merger agreement that it has and will have at the effective time of the merger sufficient cash and cash equivalents and/or available amounts under existing credit facilities to consummate the merger upon the terms contemplated by the merger agreement and to make all payments contemplated by the merger agreement.

Treatment of Stock Options and Other Share-Based Awards (page 35)

Each option to purchase Common Shares, whether vested or unvested, that is outstanding immediately prior to the effective time of the merger, will become fully vested and will entitle the holder thereof to receive, without interest and less applicable withholding taxes, an amount in cash equal to the product of:

the total number of Common Shares underlying that option immediately prior to the effective time of the merger; and

the excess, if any, of \$21.60 over the exercise price per Common Share subject to that option.

In addition, each right of any kind to receive Common Shares or benefits measured by the value of a number of Common Shares granted under the Company's stock incentive plans and directors' deferred stock plan (including restricted share units, deferred share units and performance award units) (other than stock options), whether vested or unvested, that is outstanding immediately prior to the effective time of the merger will become fully vested and cease to represent a right or award with respect to Common Shares. Holders of restricted share units and deferred share units will receive, without interest and less applicable tax withholdings, an amount in cash equal to the product of the merger consideration multiplied by the number of restricted share units or deferred share units, as applicable, held by

such person. Except as modified by a Change in Control Agreement or the Plush Employment Agreement, holders of performance award units will be entitled to receive, without interest and less applicable tax withholdings, an amount in cash equal to the product of the merger consideration multiplied by the number of Common Shares represented by the initial award value under the agreement evidencing such performance award units. For additional information concerning amounts receivable as a result of a Change in Control Agreement or the Plush Employment Agreement, see [Interests of Our Directors and Executive Officers in the Merger](#) [Change in Control Agreements](#) and [Interests of Our Directors and Executive Officers in the Merger](#) [Employment Agreement with Mark J. Plush](#).

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Interests of Our Directors and Executive Officers in the Merger (page 24)

Our directors and executive officers have interests in the merger that may be different from, or in addition to, the interests of our shareholders, including the following:

each of our executive officers and certain other executives will be entitled to receive severance and other benefits in the event his or her employment with us terminates under certain circumstances within a specified period after the merger;

options to purchase Common Shares, restricted shares, restricted share units, and performance award units held by the executive officers and directors fully vest at the effective time of the merger and the merger agreement provides for the holders of such awards to receive the merger consideration or net cash payments in respect of those awards;

director fees deferred by certain of our directors under our outside directors' deferred stock plan as cash or into a deemed investment in Common Shares will be paid out upon termination of the plan at the effective time of the merger, and the pay out of amounts deemed to be invested in Common Shares will be based on an amount equal to the merger consideration;

the merger triggers vesting and payout of cash compensation deferred by our executive officers under our deferred compensation plan and supplemental deferral plan;

the merger agreement provides for indemnification and liability insurance arrangements for each of our current and former directors and officers for a period of six years after the effective time of the merger, in each case for certain events occurring at or before the effective time of the merger; and

a partnership in which Mr. Keithley is the general partner has agreed to vote a number of its Class B common shares representing 19.99% of the voting power of Keithley in favor of approval and adoption of the merger agreement and the transactions contemplated by the merger agreement;

Our board of directors was aware of these interests and considered them, among other matters, in making its recommendation. See "The Merger Proposal" "Reasons for the Merger" beginning on page 14.

No Solicitation of Transactions (page 41)

The merger agreement contains restrictions on our ability to solicit or engage in discussions or negotiations with a third party regarding specified transactions involving Keithley or our subsidiaries. We may, however, engage in such discussions or negotiations with a third party in response to an unsolicited written acquisition proposal that our board of directors determines in good faith (after consultation with outside counsel and its financial advisor) constitutes or could reasonably be expected to result in a superior proposal, subject to certain requirements and limitations specified in the merger agreement.

Conditions to the Merger (page 45)

Completion of the merger is subject to the satisfaction or waiver of a number of conditions, including, among others:

approval and adoption by our shareholders of the merger agreement and the transactions contemplated by the merger agreement;

expiration or termination of any applicable waiting period (and any extension thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the Hart-Scott-Rodino Act) and receipt of any foreign approvals, consents and clearances;

the absence of any judgment, injunction, order or law of any governmental entity preventing the consummation of the merger;

the accuracy, in all material respects, of our representation and warranty regarding capitalization and the accuracy of each party's other representations and warranties in the merger agreement, except as would not reasonably be expected to have a material adverse effect on the party making the representations; and

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the performance in all material respects by each party of its obligations required to be performed by it under the merger agreement at or prior to the closing date of the merger.

Termination of the Merger Agreement (page 46)

The merger agreement may be terminated at any time prior to the effective time of the merger, whether before or after shareholder approval has been obtained, as follows (subject to certain limitations set forth in the merger agreement):

by the mutual written consent of Danaher, Merger Sub and us;

by either Danaher or us if: