

For Immediate Release

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Contact: Jason Milch
312.846.9647
milchj@jaffeassociates.com

Katten Wins Dismissal of Stock Options Backdating Case Against Former Officers and Directors of Keithley Instruments

Firm represented 20 of Keithley's former officers and directors

CHICAGO - Katten Muchin Rosenman LLP is pleased to announce that it has won dismissal of a stock options backdating lawsuit on behalf of its clients, a group of 20 current and former officers and directors of Keithley Instruments Inc. The suit, a shareholder derivative action, alleged that the individual defendants had systematically manipulated stock option grants over the course of several years and failed to disclose the practice in the company's financial statements. Keithley Instruments is a Cleveland, Ohio-based manufacturer of electronic instruments and systems geared to the specialized needs of electronics manufacturers for production testing, process monitoring, product development and research. The company is traded on the New York Stock Exchange under the symbol KEI.

The plaintiffs had filed a shareholders' derivative action in the U.S. District Court for the Northern District of Ohio, Eastern Division, alleging that the company's current and former officers and directors had engaged in a stock options backdating scheme, by which the company issued options on a particular date while falsely recording that the options were issued on an earlier date when the company's stock was trading at a lower price. The lawsuit also included claims against the defendants for federal securities fraud as well as various state law claims.

Katten filed a motion to dismiss on behalf of its clients, claiming that the plaintiffs failed to make a pre-litigation demand on Keithley's board of directors, and that they failed to plead particularized facts showing that demand was excused as futile. Katten also sought dismissal on the grounds that the plaintiffs' substantive claims were barred by the applicable statutes of repose, were insufficient as a matter of law, and/or failed to satisfy applicable pleading standards. On March 21, 2008, Judge Sara Lioi granted the motion to dismiss, noting that the plaintiffs had "not stated particularized allegations establishing a reasonable doubt as to the independence or disinterestedness of a majority of the Demand Board."

"We are very pleased with the Court's ruling in our clients' favor in this matter," said [David H. Kistenbroker](#), lead counsel for the defendants in the case and chair of the firm's national [Securities Litigation Practice](#). Other Katten attorneys involved in the case were partners [Joni S. Jacobsen](#), [Michael J. Summerhill](#) and [David S. Slovick](#), of the firm's Chicago office.

The case is *In re Keithley Instruments Inc. Derivative Litigation*.

Katten's Securities Litigation Practice is nationally recognized for its experience and record of success in defending clients in shareholder securities class actions, corporate governance cases, internal investigations, regulatory enforcement proceedings, and Department of Justice prosecutions. Its attorneys have obtained early dismissals of cases around the country and work aggressively to narrow the plaintiff's allegations, limit costly discovery and tailor the defense to the precise needs of the case and the client. The practice's attorneys represent corporations, financial institutions, entrepreneurial enterprises, investment advisory firms, individual officers and directors, and broker-dealers, in federal, state and administrative forums throughout the country.

Katten Muchin Rosenman LLP (www.kattenlaw.com) is a full-service law firm with offices in the nation's largest centers of business, government, finance and technology and an affiliated entity in London. With over 650 attorneys in more than 40 areas of practice, Katten provides timely and cost-effective counsel to clients in numerous industries. Katten provides advice for a wide range of public and private companies – from entrepreneurial, emerging-growth, and middle market firms to global Fortune 100 corporations – as well as government entities, institutions of higher learning, museums and a host of other charitable and cultural organizations.

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