

RELIABILITY INC  
Form 4  
March 29, 2007

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
Expires: January 31, 2005  
Estimated average burden hours per response... 0.5

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 \*  
**HARWELL JAMES M**

(Last) (First) (Middle)

P.O. BOX 218370

(Street)

HOUSTON, TX 77218-8370

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
**RELIABILITY INC [REAL]**

3. Date of Earliest Transaction  
(Month/Day/Year)  
**07/19/2006**

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_ Director \_\_\_ 10% Owner  
 Officer (give title below) \_\_\_ Other (specify below)

Chief Operating Officer

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
\_\_\_ Form filed by More than One Reporting Person

**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 Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership Indirect Beneficial Ownership (Instr. 4)
				(A) or (D)	Code V Amount (D) Price		

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

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

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	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities Acquired (A) or	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)
---------------------------------	---------------------------	--------------------------------------	-----------------------------------	---------------------	--	--	---

Edgar Filing: RELIABILITY INC - Form 4

(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8) Code	Disposed of (D)		Date Exercisable	Expiration Date	Title	A
				(A)	(D)				
Option to purchase Reliability Common Stock	\$ 0.21	07/19/2006	A	100,000		01/20/2007	07/18/2016	Common Stock	
Option to purchase Reliability Common Stock	\$ 3.5	02/25/2007	D		13,751	09/01/1997	02/25/2007	Common Stock	
Option to purchase Reliability Common Stock	\$ 4.88	03/28/2007	D		15,000	09/01/1999	02/24/2009	Common Stock	
Option to purchase Reliability Common Stock	\$ 2.57	03/28/2007	D		15,000	06/01/2000	11/10/2009	Common Stock	
Option to purchase Reliability Common Stock	\$ 2.55	03/28/2007	D		30,000	07/05/2002	12/04/2011	Common Stock	
Option to purchase Reliability Common Stock	\$ 1.17	03/28/2007	D		25,000	02/01/2004	07/22/2013	Common Stock	
Option to purchase Reliability Common Stock	\$ 3.5	03/28/2007	D		15,000	06/01/2001	11/14/2010	Common Stock	
Option to purchase Reliability Common Stock	\$ 0.64	03/28/2007	D		20,000	05/11/2005	11/09/2014	Common Stock	

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
HARWELL JAMES M P.O. BOX 218370 HOUSTON, TX 77218-8370			Chief Operating Officer	

## Signatures

/s/ James  
Harwell

03/29/2007

\_\_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).

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.