INSTEEL INDUSTRIES INC

Form 5

October 25, 2007

FORM 5

OMB APPROVAL

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

OMB 3235-0362 Number: January 31,

no longer subject to Section 16. Form 4 or Form 5 obligations may continue.

Check this box if

Expires: 2005 Estimated average

1.0

ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

burden hours per response...

See Instruction Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, 1(b). Form 3 Holdings Section 17(a) of the Public Utility Holding Company Act of 1935 or Section Reported

Form 4

30(h) of the Investment Company Act of 1940

Transactions Reported

1. Name and Address of Reporting Person * 2. Issuer Name and Ticker or Trading 5. Relationship of Reporting Person(s) to Issuer VAUGHN RICHARD C Symbol INSTEEL INDUSTRIES INC [IIIN] (Check all applicable) (First) (Middle) 3. Statement for Issuer's Fiscal Year Ended (Last) (Month/Day/Year) _X_ Director 10% Owner 09/29/2007 Officer (give title Other (specify below) below) 1373 BOGGS DR (Street) 4. If Amendment, Date Original 6. Individual or Joint/Group Reporting Filed(Month/Day/Year) (check applicable line)

MT AIRY, NCÂ 27030

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

(City)	(State)	(Zip) Tabl	e I - Non-Deri	ivative Se	curitie	es Acqu	ired, Disposed	of, or Beneficia	ally 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. Securi Acquired Disposed (Instr. 3,	d (A) of d of (D) 4 and (A) or))	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)
Common Stock	12/06/2006	Â	G	5,017	D	\$ 0	31,269	D	Â
Common Stock	06/06/2007	Â	G	5,477	D	\$0	27,720	D	Â
Common Stock	Â	Â	Â	Â	Â	Â	2,345	I	Restricted

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

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SEC 2270 (9-02)

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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	2.	3. Transaction Date	3A. Deemed	4.	5.	6. Date Exerc	cisable and	7. Titl	le and	8. Price of
Derivative	Conversion	(Month/Day/Year)	Execution Date, if	Transaction	Number	Expiration D	ate	Amou	ınt of	Derivative
Security	or Exercise		any	Code	of	(Month/Day/	Year)	Under	lying	Security
(Instr. 3)	Price of		(Month/Day/Year)	(Instr. 8)	Derivative	e		Secur	ities	(Instr. 5)
	Derivative				Securities			(Instr.	3 and 4)	
	Security				Acquired					
	•				(A) or					
					Disposed					
					of (D)					
					(Instr. 3,					
					4, and 5)					
									A 4	
									Amount	
						Date	Expiration	m	or	
							•	of	Number	
					(A) (D)				Shares	

Reporting Owners

Reporting Owner Name / Address	Relationships						
• 0	Director	10% Owner	Officer	Other			
VAUGHN RICHARD C 1373 BOGGS DR MT AIRY, NC 27030	ÂΧ	Â	Â	Â			

Signatures

James F. Petelle for C. Richard Vaughn

10/25/2007

**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 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.

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