

PETELLE JAMES F  
 Form 4  
 August 16, 2010

**FORM 4**

**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).

**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 \*  
 PETELLE JAMES F

2. Issuer Name and Ticker or Trading Symbol  
 INSTEEL INDUSTRIES INC [IIN]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
 1373 BOGGS DRIVE  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
 08/13/2010

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

MOUNT AIRY, NC 27030  
 (City) (State) (Zip)

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

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 Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V Amount (D) Price			
Common Stock	08/13/2010		F	327 D \$ 8.49	2,370	D	
Common Stock (Restricted Stock Units)					11,944	D	
Common Stock (Restricted)					4,114	I	Restricted

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

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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 (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 Securities (Instr. 3 and 4)	8. Price or Value of Underlying Securities (Instr. 3 and 4)	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Incentive Stock Option (Right to Buy)	\$ 9.16					<u>(1)</u>	08/09/2020	Common Stock	6,180
Incentive Stock Option (Right to Buy) (Common Stock)	\$ 9.39					<u>(1)</u>	02/09/2020	Common Stock	5,952
Incentive Stock Option (Right to Buy)	\$ 11.6					<u>(1)</u>	08/10/2019	Common Stock	4,393
Incentive Stock Option (Right to Buy)	\$ 7.55					<u>(1)</u>	02/10/2019	Common Stock	5,978
Incentive Stock Option (Right to Buy)	\$ 11.15					<u>(1)</u>	02/19/2018	Common Stock	5,278

Buy)					
Incentive Stock Option (Right to Buy)	\$ 16.69	(1)	08/19/2018	Common Stock	2,926
Incentive Stock Option (Right to Buy)	\$ 17.11	(1)	02/13/2017	Common Stock	2,639
Incentive Stock Option (Right to Buy)	\$ 20.27	(1)	08/13/2017	Common Stock	2,178

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
PETELLE JAMES F 1373 BOGGS DRIVE MOUNT AIRY, NC 27030			Vice President	

## Signatures

James F. Petelle                      08/10/2010

\_\_\_\_\_  
\*\*Signature of                      Date  
Reporting Person

## 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) Options vest 1/3 annually beginning one year from grant date

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.  
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