

PETELLE JAMES F
Form 4
August 22, 2011

FORM 4

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

OMB APPROVAL

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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)
08/19/2011

____ 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 | 08/19/2011 | | F | | 534 | D | \$ 9.58 |
| Common Stock (Restricted Stock Units) | | | | | | | 16,721 |

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

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SEC 1474 (9-02)

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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) | \$ 10.72 | | | | | (1) 08/08/2021 | | Common Stock | 5,670 |
| Incentive Stock Option (Right to Buy) | \$ 7.55 | | | | | (1) 02/10/2019 | | Common Stock | 1,100 |
| Incentive Stock Option (Right to Buy) | \$ 12.43 | | | | | (1) 02/08/2021 | | Common Stock | 4,693 |
| Incentive Stock Option (Right to Buy) | \$ 9.16 | | | | | (1) 08/09/2020 | | Common Stock | 6,180 |
| Incentive Stock Option (Right to Buy) (Common Stock) | \$ 9.39 | | | | | (1) 02/09/2020 | | Common Stock | 5,952 |
| Incentive Stock Option (Right to Buy) | \$ 11.6 | | | | | (1) 08/10/2019 | | Common Stock | 4,393 |

Buy)

Incentive
Stock

| | | | | | |
|--------|----------|-----|------------|-----------------|-------|
| Option | \$ 11.15 | (1) | 02/19/2018 | Common Stock | 5,278 |
|--------|----------|-----|------------|-----------------|-------|

(Right to
Buy)

Incentive
Stock

| | | | | | |
|--------|----------|-----|------------|-----------------|-------|
| Option | \$ 16.69 | (1) | 08/19/2018 | Common Stock | 2,926 |
|--------|----------|-----|------------|-----------------|-------|

(Right to
Buy)

Incentive
Stock

| | | | | | |
|--------|----------|-----|------------|-----------------|-------|
| Option | \$ 17.11 | (1) | 02/13/2017 | Common Stock | 2,639 |
|--------|----------|-----|------------|-----------------|-------|

(Right to
Buy)

Incentive
Stock

| | | | | | |
|--------|----------|-----|------------|-----------------|-------|
| Option | \$ 20.27 | (1) | 08/13/2017 | Common Stock | 2,178 |
|--------|----------|-----|------------|-----------------|-------|

(Right to
Buy)

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 08/22/2011

**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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