

PETELLE JAMES F
 Form 4
 February 09, 2011

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

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

MOUNT AIRY, NC 27030

(City) (State) (Zip)

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

3. Date of Earliest Transaction
 (Month/Day/Year)
 02/08/2011

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)
 Vice President

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) |
|---------------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | | (A) or (D) Code V Amount (D) Price | | | |
| Common Stock (Restricted Stock Units) | 02/08/2011 | | A | 2,212 A \$ 0 | 14,156 | D | |
| Common Stock | | | | | 2,370 | 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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(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. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Incentive Stock Option (Right to Buy) | \$ 12.43 | 02/08/2011 | | A | 4,693 | <u>(1)</u> 02/08/2021 | Common Stock | 4,693 |
| 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 |
| | \$ 11.15 | | | | | <u>(1)</u> 02/19/2018 | | 5,278 |

| | | | | | |
|---|----------|-----|------------|-----------------|-------|
| Incentive Stock Option (Right to Buy) | | | | Common Stock | |
| 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 02/09/2011
 **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. 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.