

PETELLE JAMES F  
 Form 4  
 October 28, 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)  
 10/27/2011

\_\_\_\_ 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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(D)	Price
Common Stock	10/27/2011		S		1,100	D	\$ 10.98
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
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(Right to  
Buy)

Incentive  
Stock

Option	\$ 16.69	(1)	08/19/2018	Common Stock	2,926
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(Right to  
Buy)

Incentive  
Stock

Option	\$ 17.11	(1)	02/13/2017	Common Stock	2,639
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(Right to  
Buy)

Incentive  
Stock

Option	\$ 20.27	(1)	08/13/2017	Common Stock	2,178
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(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                      10/28/2011

\*\*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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