

Jafroodi Scot R
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 *
Jafroodi Scot R

(Last) (First) (Middle)

5532 GARDEN PARK LANE

(Street)

WINSTON SALEM, NC 27106

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol

INSTEEL INDUSTRIES INC [IIN]

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

08/13/2010

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

___ Director ___ 10% Owner
X Officer (give title below) ___ Other (specify below)

Chief Accounting Officer

6. Individual or Joint/Group Filing(Check Applicable Line)
X 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 | 502 D \$ 8.49 | 3,420 | D | |
| Common Stock (Restricted Stock Units) | | | | | 11,944 | D | |
| Common Stock | | | | | 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)

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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) | \$ 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 |
| | \$ 16.69 | | | | | <u>(1)</u> 08/19/2018 | | | 2,926 |

| | | | | | |
|---|----------|-----|------------|-----------------|-------|
| Incentive Stock Option (right to buy) | | | | Common Stock | |
| 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 |
| Jafroodi Scot R 5532 GARDEN PARK LANE WINSTON SALEM, NC 27106 | | | Chief Accounting Officer | |

Signatures

| | |
|--|------------|
| James F. Petelle for Scot R. Jafroodi | 08/10/2010 |
| **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).
- (1) Options vest 1/3 annually beginning 1 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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