

INSTEEL INDUSTRIES INC  
Form 4  
August 15, 2007

**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 \*  
GAZMARIAN MICHAEL C

(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)  
08/13/2007

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)  
Treasurer

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                    | 08/13/2007                           |  | A                              | 3,392 A \$ 0  | 19,684.4882   | I  | Restricted                        |
| Common Stock                    |                                      |  |                                |   | 119,279   | D  |                                   |

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 Security (Instr. 3 and 4) | Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|
| Incentive Stock Option (right to buy)      | \$ 20.27   | 08/13/2007                           |  | A                              | 2,242   | <u>(1)</u> 08/13/2017                                    | Common Stock  | 2,242                      |
| Non-Qualified Stock Option (right to buy)  | \$ 20.27   | 08/13/2007                           |  | A                              | 3,202   | <u>(1)</u> 08/13/2017                                    | Common Stock  | 3,202                      |
| Incentive Stock Option (right to buy)      | \$ 6.89  |                                      |  |                                |   | 07/26/2006 07/26/2015                                    | Common Stock  | 3,400                      |
| Incentive Stock Option (right to buy)      | \$ 9.12  |                                      |  |                                |   | <u>(1)</u> 03/04/2015                                    | Common Stock  | 5,300                      |
| Incentive Stock Option (right to buy)      | \$ 15.64   |                                      |  |                                |   | 02/14/2007 02/14/2016                                    | Common Stock  | 4,000                      |
| Incentive Stock Option (right to buy)      | \$ 17.11   |                                      |  |                                |   | <u>(1)</u> 02/13/2017                                    | Common Stock  | 5,700                      |
| Incentive Stock Option (right to buy)      | \$ 20.26   |                                      |  |                                |   | 08/14/2007 08/14/2016                                    | Common Stock  | 2,800                      |
| Non-Qualified Stock Option (right to buy)  | \$ 17.11   |                                      |  |                                |   | <u>(1)</u> 02/13/2017                                    | Common Stock  | 820                        |

## Reporting Owners

Reporting Owner Name / Address

**Relationships**

Director    10% Owner    Officer    Other  
Treasurer

GAZMARIAN MICHAEL C  
1373 BOGGS DRIVE  
MOUNT AIRY, NC 27030

## Signatures

By: James F. Petelle For: Michael C.  
Gazmarian

08/15/2007

\_\_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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