

INSTEEL INDUSTRIES INC
 Form 4
 August 20, 2008

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 *
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)
 08/19/2008

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) Price			
Common Stock	08/19/2008		A	4,119 A \$ 0	21,847.4882	I	Restricted
Common Stock					121,401	D	

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

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 (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	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Incentive Stock Option (right to buy)	\$ 16.69	08/19/2008		A	V 2,438	<u>(1)</u> 08/19/2018	Common Stock	2,438	
Non-Qualified Stock Option (right to buy)	\$ 16.69	08/19/2008		A	V 4,876	<u>(1)</u> 08/19/2018	Common Stock	4,876	
Incentive Stock Option (right to buy)	\$ 6.89					07/26/2006 07/26/2015	Common Stock	3,438	
Incentive Stock Option (right to buy)	\$ 9.12					<u>(1)</u> 03/04/2015	Common Stock	5,300	
Incentive Stock Option (right to buy)	\$ 11.15					<u>(1)</u> 02/19/2018	Common Stock	13,000	
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	
Incentive Stock Option (right to buy)	\$ 20.27					<u>(1)</u> 08/13/2017	Common Stock	2,200	
Non-Qualified Stock Option (right to buy)	\$ 17.11					<u>(1)</u> 02/13/2017	Common Stock	8,200	
Non-Qualified	\$ 20.27					<u>(1)</u> 08/13/2017	Common	3,200	

Stock Option
(right to buy)

Stock

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
GAZMARIAN MICHAEL C 1373 BOGGS DRIVE MOUNT AIRY, NC 27030			Treasurer	

Signatures

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

08/20/2008

__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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