

Wagner Richard
Form 4
February 21, 2013

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 *
Wagner Richard

(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)
02/19/2013

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 Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------|
| | | | | (A) or (D) | Price | | |
| Common Stock | 02/19/2013 | | M | 3,430 | A \$ 6.89 | 35,647 | D |
| Common Stock | 02/19/2013 | | M | 5,301 | A \$ 9.12 | 40,948 | D |
| Common Stock | 02/19/2013 | | M | 4,725 | A \$ 10.72 | 45,673 | D |
| Common Stock | 02/19/2013 | | M | 13,196 | A \$ 11.15 | 58,869 | D |
| Common Stock | 02/19/2013 | | M | 10,982 | A \$ 11.6 | 69,851 | D |

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| | | | | | | | |
|------------------------------------------|------------|---|--------|---|-----------|--------|---|
| Common Stock | 02/19/2013 | M | 7,821 | A | \$ 12.43 | 77,672 | D |
| Common Stock | 02/19/2013 | S | 45,455 | D | \$ 16.947 | 32,217 | D |
| Common Stock (Restricted Stock Units) | | | | | | 35,612 | D |

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) | | |
|--------------------------------------------|--------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------|--------------|----------------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Stock Option (Right to Buy) | \$ 16.45 | | | | | (1) | 02/12/2023 | Common Stock | 9,589 |
| Stock Option (Right to Buy) | \$ 10.23 | | | | | (1) | 08/21/2022 | Common Stock | 15,110 |
| Stock Option (Right to Buy) | \$ 13.06 | | | | | (1) | 02/21/2022 | Common Stock | 11,345 |
| Incentive Stock Option (Right to Buy) | \$ 10.72 | 02/19/2013 | | M | 4,725 | (1) | 08/08/2021 | Common Stock | 4,725 |

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|------------------------------------------------------|----------|------------|---|--------|------------|------------|--------------|--------|
| Stock Option (Right to Buy) | \$ 12.43 | 02/19/2013 | M | 7,821 | <u>(1)</u> | 02/08/2021 | Common Stock | 7,821 |
| Incentive Stock Option (Right to Buy) | \$ 9.16 | | | | <u>(1)</u> | 08/09/2020 | Common Stock | 15,449 |
| Incentive Stock Option (Right to Buy) (Common Stock) | \$ 9.39 | | | | <u>(1)</u> | 02/09/2020 | Common Stock | 14,881 |
| Incentive Stock Option (Right to Buy) | \$ 11.6 | 02/19/2013 | M | 10,982 | <u>(1)</u> | 08/10/2019 | Common Stock | 10,982 |
| Incentive Stock Option (Right to Buy) | \$ 7.55 | | | | <u>(1)</u> | 02/10/2019 | Common Stock | 14,946 |
| Incentive Stock Option (Right to Buy) | \$ 11.15 | 02/19/2013 | M | 13,196 | <u>(1)</u> | 02/19/2018 | Common Stock | 13,196 |
| Incentive Stock Option (Right to Buy) | \$ 16.69 | | | | <u>(1)</u> | 08/19/2018 | Common Stock | 7,314 |
| Incentive Stock Option (Right to Buy) | \$ 17.11 | | | | <u>(1)</u> | 02/13/2017 | Common Stock | 6,598 |
| Incentive Stock Option (Right to Buy) | \$ 20.27 | | | | <u>(1)</u> | 08/13/2017 | Common Stock | 5,444 |

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|---------------------------------------|----------|------------|---|-------|-----|------------|--------------|-------|
| Incentive Stock Option (Right to Buy) | \$ 20.26 | | | | (1) | 08/14/2016 | Common Stock | 2,841 |
| Incentive Stock Option (Right to Buy) | \$ 9.12 | 02/19/2013 | M | 5,301 | (1) | 03/04/2015 | Common Stock | 5,301 |
| Incentive Stock Option (Right to Buy) | \$ 15.64 | | | | (1) | 02/14/2016 | Common Stock | 4,080 |
| Incentive Stock Option (Right to Buy) | \$ 6.89 | 02/19/2013 | M | 3,430 | (1) | 07/26/2015 | Common Stock | 3,430 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|------------------------------------------------------------|---------------|-----------|----------------|-------|
| | Director | 10% Owner | Officer | Other |
| Wagner Richard 1373 BOGGS DRIVE MOUNT AIRY, NC 27030 | | | Vice President | |

Signatures

James F. Petelle for Richard T. Wagner
Date: 02/21/2013

__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 one year from grant date.

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