PECHOTA GARY L

Form 4

January 15, 2009

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB

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OMB APPROVAL

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Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, obligations Section 17(a) of the Public Utility Holding Company Act of 1935 or Section may continue. 30(h) of the Investment Company Act of 1940 See Instruction

1(b).

(Print or Type Responses)

1 Name and Address of Departing De

1. Name and Address of Reporting Person 2 PECHOTA GARY L			2. Issuer Name and Ticker or Trading Symbol INSTEEL INDUSTRIES INC [IIIN]				5. Relationship of Reporting Person(s) to Issuer		
(Last)	(First) (M		3. Date of Earliest Transaction			(Check all applicable)			
1373 BOGGS DRIVEW			(Month/Day/Year) 01/14/2009				X Director Officer (gives below)		% Owner her (specify
(Street)			4. If Amendment, Date Original Filed(Month/Day/Year)				6. Individual or Joint/Group Filing(Check Applicable Line) _X_ Form filed by One Reporting Person		
MOUNT AI	RY, NC 27030						Form filed by Person	More than One F	Reporting
(City)	(State)	(Zip)	Table I - Non-D	erivative :	Secur	ities Ac	quired, Disposed	of, or Beneficia	ally Owned
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Da any (Month/Day/	Code	4. Securit on(A) or Di (D) (Instr. 3,	spose	d of 5) Price	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	
Common Stock	01/14/2009	01/14/2009) M	4,000	A	\$ 3.28	22,051	D	
Common Stock							3,587	I	Restricted

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

Persons who respond to the collection of **SEC 1474** information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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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. Transacti Code (Instr. 8)	5. Number on 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 Amour Underlying Securit (Instr. 3 and 4)	
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amo or Num of Share
Non-Qualified Stock Option	\$ 0	01/14/2009	01/14/2009	M	4,000	02/09/1999	02/09/2009	Common Stock	4,0
Non-Qualfied Stock Option	\$ 4.19					02/01/2000	02/01/2010	Common Stock	4,0
Non-Qualified Stock Option	\$ 5.43					07/20/2004	02/20/2014	Common Stock	7,2

Reporting Owners

Reporting Owner Name / Address	Relationships					
•	Director	10% Owner	Officer	Other		
PECHOTA GARY L 1373 BOGGS DRIVEW MOUNT AIRY, NC 27030	X					

Signatures

James F. petelle for Gary L.
Pechota
01/15/2009

**Signature of Reporting Person Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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^{**} Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).