

SHIELDS WILLIAM J
Form 4
August 30, 2006

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 *
SHIELDS WILLIAM J

2. Issuer Name and Ticker or Trading Symbol
INSTEEL INDUSTRIES INC [IIN]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
1373 BOGGS DRIVE
(Street)

3. Date of Earliest Transaction
(Month/Day/Year)
08/28/2006

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

MOUNT AIRY, NC 27030

(City) (State) (Zip)

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

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	08/28/2006		S	2,654	D \$ 19.4	20,426	D
Common Stock	08/29/2006		S	9,346	D \$ 18.78	11,080	D
Common Stock						1,922	I Restricted

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

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