

WASHINGTON FEDERAL INC
Form 4
January 23, 2015

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 *
Tabbutt Mark

2. Issuer Name and Ticker or Trading Symbol
WASHINGTON FEDERAL INC
[WAFD]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
425 PIKE ST.
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
01/21/2015

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

SEATTLE, WA 98101
(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)
				Code V Amount (A) or (D) Price			
Common Stock	01/21/2015		A	2,500 A \$ 20.04	47,500	D	

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

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. 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)	8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Own Follo Repo Trans (Instr
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Date Exercisable	Expiration Date	Title	Amount or Number of Shares
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Code	V	(A)	(D)
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Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Tabbutt Mark 425 PIKE ST. SEATTLE, WA 98101	X			

Signatures

Mark N. Tabbutt 01/23/2015

__Signature of Date
Reporting Person

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).

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. he appointment of Board committee members and chairs, reviewing corporate governance issues including periodically reviewing and recommending changes as necessary to the Board Governance Guidelines and our Code of Business Conduct and developing and facilitating an annual Board self-assessment process.

At its August 25, 2009 meeting, the Board designated Messrs. Newsome, Pechota and Rogers as the initial members of the Nominating and Governance Committee. Subsequently, Mr. Pechota was designated Committee Chairman. The Committee first met on November 16, 2009 after the end of our

Table of Contents

2009 fiscal year. The charter of the Nominating and Governance Committee may be found on our website at <http://investor.insteel.com/documents.cfm>.

Executive Sessions

Pursuant to the listing standards of NASDAQ, the independent directors are required to meet regularly in executive sessions. Generally, those sessions are chaired by the lead independent director. The independent directors have determined that it is appropriate to periodically rotate the role of lead independent director. During fiscal 2009, the lead independent director was Mr. Vaughn. During these executive sessions, the lead independent director has the power to lead the meeting, set the agenda and determine the information to be provided. During fiscal 2009, the Board held four executive sessions. The lead independent director can be contacted by writing to Lead Independent Director, Insteel Industries, Inc., c/o James F. Petelle, Secretary, 1373 Boggs Drive, Mount Airy, North Carolina 27030. We screen mail addressed to the lead independent director for security purposes and to ensure that it relates to discrete business matters that are relevant to our Company. Mail that satisfies these screening criteria will be forwarded to the lead independent director.

Code of Business Conduct

In keeping with the Board's commitment to sound corporate governance, on August 11, 2003, the Board adopted a Code of Business Conduct (the "Code of Conduct"), which applies to our Company and all of its employees, officers and directors. The Code of Conduct incorporates an effective reporting and enforcement mechanism. The Board has adopted this Code of Conduct as its own standard. The Code of Conduct was prepared to help employees, officers and directors understand our standard of ethical business practices and to promote awareness of ethical issues that may be encountered in carrying out their responsibilities. The Code of Conduct is included in an employment manual, which is supplied to all of our employees and officers and in a Board of Directors Manual for directors, each of whom are expected to read and acknowledge in writing that they understand such policies.

Board Governance Guidelines

In conjunction with the Board's establishment of the Nominating and Governance Committee on August 25, 2009, the Board adopted Board Governance Guidelines to set forth the framework pursuant to which the Board governs the Company. Among other things, the Board Governance Guidelines describe the expectations regarding attendance at the Annual Meeting and at Board meetings, require regular meetings of independent directors in executive session, describe the functions of the Board's standing committees, including an annual self-assessment process to be facilitated by the Nominating and Governance Committee and set forth the procedure pursuant to which shareholders may communicate with directors.

Availability of Bylaws, Board Governance Guidelines, Code of Conduct and Committee Charters

Our Bylaws, Board Governance Guidelines, Code of Business Conduct, Audit Committee Charter, Audit Committee Pre-Approval Policy, Executive Compensation Committee Charter and Nominating and Governance Committee Charter are available on our website at <http://investor.insteel.com/documents.cfm>, and in print to any shareholder upon written request to our Secretary.

Table of Contents

Shareholder Recommendations and Nominations

The Nominating and Governance Committee Charter provides that the Committee will review the qualifications of any director candidates that have been properly recommended to the Committee by shareholders. Shareholders should submit any such recommendations in writing c/o Insteel Industries, Inc., 1373 Boggs Drive, Mount Airy, North Carolina 27030, Attention: James F. Petelle, Vice President and Secretary. In addition, in accordance with our bylaws, any shareholder entitled to vote for the election of directors at the applicable meeting of shareholders may nominate persons for election to the Board if such shareholder complies with the notice procedures set forth in the bylaws and summarized in Shareholder Proposals for the 2011 Annual Meeting below.

Process for Identifying and Evaluating Director Candidates

Pursuant to its charter and our Board Governance Guidelines, the Nominating and Governance Committee is responsible for developing and recommending to the Board criteria for identifying and evaluating candidates to serve as directors. These criteria include standards for assessing independence; business and management experience; familiarity with our business, customers and suppliers; consideration of the diverse talents, backgrounds and perspectives of each candidate and the composition of the Board as a whole; integrity; leadership; ability to exercise sound judgment; other company board relationships and existing time commitments; and relevant regulatory and NASDAQ membership requirements for the Board and its committees. A candidate's qualifications are evaluated based on these criteria when being considered for nomination or re-nomination to the Board for election at our annual meeting or to fill vacated or newly created positions on the Board.

The Committee works with the Chairman of the Board to identify and recruit qualified director candidates in accordance with the director qualifications set forth in our Board Governance Guidelines, and also may retain a third party search firm to assist in the identification of possible candidates for election to the Board. In addition, the Committee will consider any director candidates that have been properly recommended to the Committee by our shareholders or directors. Upon the recommendation of the Committee, the Board evaluates each director candidate based upon the totality of the merits of each candidate and not based on minimum qualifications or attributes. When considering a director candidate standing for re-election, in addition to the above criteria, the Board will also consider that individual's past contribution and future commitment to us. Upon completion of discussions by the full Board regarding the candidates recommended by the Committee, the Board determines, as applicable, whether to (i) approve and recommend one or more candidates to the shareholders for election at our annual meeting, or (ii) elect one or more candidates to fill vacated or newly created positions on the Board.

Communications with the Board of Directors

The Board has approved a process for shareholders to send communications to the Board. Shareholders can send communications to the Board and, if applicable, to any of its committees or to specified individual directors in writing c/o Insteel Industries, Inc., 1373 Boggs Drive, Mount Airy, North Carolina 27030, Attention: James F. Petelle, Vice President and Secretary.

We screen mail addressed to the Board, its Committees or any specified individual director for security purposes and to ensure that the mail relates to discrete business matters that are relevant to our Company. Mail that satisfies these screening criteria is required to be forwarded to the appropriate director or directors.

Table of Contents**VOTING SECURITIES**

On the record date, to our knowledge, no one other than the shareholders listed below beneficially owned more than 5% of the outstanding shares of our common stock. For information regarding ownership of our common stock by our officers and directors, please see the Security Ownership table on page 41 of this proxy statement.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned
Royce & Associates, LLC 745 Fifth Avenue New York, New York 10151	1,878,340(1)	10.7% (1)
Third Avenue Management LLC 622 Third Avenue, 32 nd Floor New York, New York 10017	1,092,688 (2)	6.2% (2)
Met Investors Advisory, LLC and Met Investors Series Trust 5 Park Plaza, Suite 1900 Irvine, California 92614	1,074,384 (3)	6.1% (3)

- (1) Based upon information set forth in a Schedule 13G/A filed with the SEC on April 7, 2009 by Royce & Associates, LLC reporting sole power to vote or direct the vote of 1,878,340 shares and sole power to dispose or direct the disposition of 1,878,340 shares.
- (2) Based upon information set forth in a Schedule 13G filed with the SEC on February 13, 2009 by Third Avenue Management LLC (TAM) reporting sole power to vote or direct the vote of 1,092,688 shares and sole power to dispose or direct the disposition of 1,092,688 shares. Met Investors Series Trust-Third Avenue Small Cap Portfolio, an investment company registered under the Investment Company Act of 1940, has the right to receive dividends from, and the proceeds from the sale of, 1,074,384 of the shares reported by TAM. OFI Select-Third Avenue US Equity Fund, an offshore fund for which TAM acts as investment advisor, has the right to receive dividends from, and the proceeds from the sale of 18,304 of the shares reported by TAM.
- (3) Based upon information set forth in a Schedule 13G filed with the SEC on February 13, 2009 by Met Investors Advisory, LLC (Met Investors) and Met Investors Series Trust (the Trust) reporting shared power of Met Investors and the Trust to vote or direct the vote of 1,074,384 shares and shared power of Met Investors and the Trust to dispose or direct the disposition of 1,074,384 shares. Met Investors, an investment advisor registered under Section 203 of the Investment Advisors Act of 1940, serves as investment manager of each series of the Trust, an investment company registered under the Investment Company Act of 1940.

ITEM NUMBER ONE: ELECTION OF DIRECTORS**Introduction**

Our bylaws, as last amended April 21, 2009, provide that the number of directors, as determined from time to time by the Board, shall be not less than seven nor more than twelve. The Board has most recently fixed the number of directors at eight. The bylaws further provide that directors shall be divided into three classes serving staggered three-year terms, with each class to be as nearly equal in number as possible.

Table of Contents

The Board has nominated each of the persons named below to serve a three-year term expiring at the 2013 Annual Meeting of Shareholders or until their successors are elected and qualify. All of the nominees presently serve as our directors. The remaining five directors will continue in office as indicated. It is not contemplated that any of the nominees will be unable or unwilling for good cause to serve; but, if that should occur, it is the intention of the agents named in the proxy to vote for election of such other person or persons to serve as a director as the Board may recommend. If any director resigns, dies or is otherwise unable to serve out his term, or the Board increases the number of directors, the Board may fill the vacancy until the expiration of such director's term.

Vote Required

The nominees for director will be elected by plurality of the votes cast at the meeting at which a quorum representing a majority of all outstanding Shares is present and voting, either by proxy or in person. This means that the three nominees receiving the highest number of votes **FOR** will be elected as directors.

Directors' Recommendation

The Board of Directors unanimously recommends a vote **FOR** the election of each of the following three nominees to serve until the 2013 Annual Meeting. If you do not cast a vote with respect to a particular nominee on your proxy card, your vote will not count as either for or withheld from such nominee. Unless instructions are given to the contrary, it is the intention of the persons named as proxies to vote the Shares to which the proxy is related **FOR** the election of the slate of the following three director nominees.

Information Regarding Nominees, Continuing Directors and Executive Officers

We have set forth below certain information regarding our nominees for director, our continuing directors and our executive officers. The age shown for each is his age on December 7, 2009, our record date.

Nominees to serve until the 2013 Annual Meeting:

Howard O. Woltz, Jr., 84, is our Chairman Emeritus, having served as Chairman of the Board from 1958 to February 2009. Mr. Woltz was employed by us and our predecessors in various capacities for more than 50 years before retiring as an executive officer in April 2005. He served as our President from 1958 to 1968 and from 1974 to 1989. Mr. Woltz also served as a Vice President, General Counsel and a director of Quality Mills, Inc., a publicly-held manufacturer of knit apparel and fabrics for more than 35 years until its acquisition in 1988 by Russell Corporation. Mr. Woltz is the father of H. O. Woltz III. **Committee Membership:** Executive Committee.

C. Richard Vaughn, 70, a director since 1991, has been employed since 1967 by John S. Clark Company, Inc., a general building contracting company. Mr. Vaughn served as Vice President of John S. Clark from 1967 to 1970 and President from 1970 to 1988 and has served as Chairman of the Board and CEO from 1988 to the present. He also is Chairman of the Board of Riverside Building Supply, Inc. **Committee Memberships:** Executive Compensation Committee and Executive Committee. Mr. Vaughn currently serves as our lead director.

Table of Contents

Louis E. Hannen, 71, a director since 1995, served in various capacities with Wheat, First Securities, Inc., from 1975 until his retirement as Senior Vice President in 1993. Since his retirement in 1993, Mr. Hannen has been an investment advisor and consultant. Mr. Hannen had 30 years of experience in the securities analysis and research field, starting with the U. S. Securities and Exchange Commission in 1963. Mr. Hannen then worked for Craigie and Company from 1965 to 1970 and Legg Mason Wood Walker, Inc. from 1970 to 1975 before joining Wheat, First Securities. **Committee Membership:** Audit Committee.

Directors with terms expiring at the 2011 Annual Meeting.

Gary L. Pechota, 60, has been a director since 1998. Since 2007, Mr. Pechota has been the majority owner, President and CEO of DT-Trak Consulting, Inc., a company which provides medical coding and other revenue enhancement services to medical facilities. From 2005 to 2007 Mr. Pechota was a private investor after having served as Chief of Staff of the National Indian Gaming Commission from 2003 to 2005. He was a private investor and consultant from 2001 to 2003. Prior to that, Mr. Pechota served as the CEO and Chairman of the Board of Giant Cement Holding, Inc. from its inception in 1994 until 2001; was CEO of Giant Cement Company, a subsidiary of Giant Cement Holding, Inc., from 1993 to 2001; and CEO of Keystone Cement Company from 1992 to 2001. Prior to joining Keystone, Mr. Pechota served as President and CEO of South Dakota Cement from 1982 to 1992. Mr. Pechota is also a director of Black Hills Corporation and Texas Industries, Inc., both of which are publicly-held companies. **Committee Memberships:** Audit Committee and Nominating and Governance Committee.

W. Allen Rogers II, 63, has been a director since 1986, except for a period of time during 1997 and 1998. Mr. Rogers is a Principal of Ewing Capital Partners, LLC, an investment banking firm founded in 2003. From 2002 to 2003 he was a Senior Vice President of Intrepid Capital Corporation, an investment banking and asset management firm. From 1998 until 2002, Mr. Rogers was President of Rogers & Company, Inc., a private investment banking boutique. From 1995 through 1997, Mr. Rogers served as a Managing Director of KPMG BayMark Capital LLC, and the investment banking practice of KPMG. Mr. Rogers served as Senior Vice President - Investment Banking of Interstate/Johnson Lane Corporation from 1986 to 1995 and as a member of that firm's Board of Directors from 1990 to 1995. **Committee Memberships:** Audit Committee and Nominating and Governance Committee.

William J. Shields, 77, has been a director since 1998. Mr. Shields served as Chairman of the Board and CEO of Co-Steel, Inc., an international steel producer and scrap recycling company, from 1995 to 1997. Mr. Shields also served as President and CEO of Co-Steel, Inc. from 1987 until 1995. Mr. Shields has been retired since 1997. **Committee Membership:** Executive Compensation Committee.

Directors with term expiring at the 2012 Annual Meeting

H. O. Woltz III, 53, was elected Chief Executive Officer in 1991 and has been employed by us and our subsidiaries in various capacities since 1978. He was named President and Chief Operating Officer in 1989 and was named Chairman of the Board in February 2009. He served as our Vice President from 1988 to 1989 and as President of Rappahannock Wire Company, formerly a subsidiary of our Company, from 1981 to 1989. Mr. Woltz has been a director since 1986 and also serves as President of Insteel Wire Products Company. Mr. Woltz served as President of Florida Wire and Cable, Inc. until its merger with Insteel Wire Products Company in 2002. Mr. Woltz is the son of Howard O. Woltz, Jr. **Committee Membership:** Executive Committee.

Table of Contents

Charles B. Newsome, 72, has been a director since 1982. He is Executive Vice President of Johnson Concrete Company and general manager of its affiliate, Carolina Stalite Company. Mr. Newsome has been affiliated with Johnson Concrete Company and Carolina Stalite Company for more than 25 years. **Committee Memberships:** Executive Compensation Committee and Nominating and Governance Committee.

Named Executive Officers Who Are Not Continuing Directors or Nominees:

In addition to Mr. Woltz III, the executive officers listed below were appointed by the Board of Directors to the offices indicated for a term that will expire at the next Annual Meeting of the Board of Directors or until their successors are elected and qualify. The next meeting at which officers will be appointed is scheduled for February 9, 2010, at which each of our executive officers is expected to be reappointed.

Michael C. Gazmarian, 50, joined us in 1994 as Treasurer and Chief Financial Officer. In February 2007, he was elected Vice President, Chief Financial Officer and Treasurer. Before joining us, Mr. Gazmarian had been employed by Guardian Industries Corp., a privately-held glass manufacturer, since 1986, serving in various financial capacities.

James F. Petelle, 59, joined us in October 2006. He was elected Vice President and Assistant Secretary on November 14, 2006 and Vice President - Administration and Secretary on January 12, 2007. Previously he was employed by Andrew Corporation, a publicly-held manufacturer of telecommunications infrastructure equipment, having served as Secretary from 1990 to May 2006, and Vice President Law from 2000 to October 2006.

Richard T. Wagner, 50, joined us in 1992 and has served as Vice President and General Manager of the Concrete Reinforcing Products Business Unit of the Company's subsidiary, Insteel Wire Products Company, since 1998. In February 2007, Mr. Wagner was appointed Vice President of the parent company, Insteel Industries, Inc. Prior to 1992, Mr. Wagner served in various positions with Florida Wire and Cable, Inc., a manufacturer of PC strand and galvanized strand products, since 1977.

ITEM NUMBER TWO: AMENDMENT OF THE RESTATED CHARTER OF INSTEEL INDUSTRIES, INC. TO INCREASE THE NUMBER OF AUTHORIZED SHARES OF COMMON STOCK

The Board of Directors has unanimously approved and recommended to our shareholders for their adoption an amendment to Article IV of our Restated Charter, as amended, to increase the number of authorized shares of common stock from 20,000,000 to 50,000,000, and correspondingly increase the aggregate number of authorized shares of all classes of our stock from 21,000,000 to 51,000,000. Throughout this proposal, we refer to our Restated Charter, as amended, as the Charter and to the amendment to Article IV of our Charter as the amendment. If the amendment is adopted by the shareholders, the first sentence of Article IV of our Charter will be amended to read in its entirety as follows:

The corporation shall have authority to issue Fifty-One Million (51,000,000) shares of stock, consisting of: Fifty Million (50,000,000) shares of a class designated Common Stock (No Par Value) ; and One Million (1,000,000) shares of a class designated No Par Preferred Stock , having no par value. The remainder of Article IV, and our Charter, would be unchanged.

Table of Contents

We last increased the number of shares of common stock that we are authorized to issue under our Charter on July 30, 1984, prior to the initial public offering of shares of our common stock in April 1985. After taking into account the two-for-one split of our common stock that we distributed on June 16, 2006, we have (as of the record date disclosed on the first page of this proxy statement) 17,524,386 shares outstanding. In addition, 737,387 shares are reserved for issuance under our Equity Incentive Plan. Therefore, the number of authorized but unissued shares of common stock not reserved for a particular purpose is currently only 1,738,227, which we believe is inadequate to provide the Company with the flexibility necessary to respond to future needs and opportunities. Of the preferred stock authorized under the Charter, 900,000 shares are designated as Series A Junior Participating Preferred Stock, which we refer to as the Series A Shares. The Series A Shares, none of which are outstanding, are subject to issuance under our shareholder rights plan.

If the amendment is approved, then the number of authorized but unissued shares of common stock not reserved for a particular purpose will be 31,738,227. The Board of Directors believes that the proposed increase in the number of authorized shares of common stock will benefit us by improving our flexibility in responding to future business needs and opportunities. The additional authorized shares will be available for issuance from time to time in connection with further stock splits, stock dividends, financings, acquisitions and employee benefit plans, if any, or for other corporate purposes which the Board of Directors may deem advisable. Additional shares that are authorized and issued will have the benefit of the rights provided by our shareholder rights plan. Our Board of Directors is seeking approval for the amendment at this time because opportunities requiring prompt action may arise in the future, and the Board believes the delay and expense in seeking shareholder approval for additional authorized common stock could deprive us and our shareholders of the ability to effectively benefit from potential opportunities. No further action or authorization by the shareholders would be necessary prior to the issuance of additional shares, except as may be required by laws or regulations applicable in particular circumstances. Certain large issuances of shares may require shareholder approval under NASDAQ rules that apply to us.

The proposed increase in the number of authorized shares of common stock is not intended to impede a change of control of Insteel, and we are not aware of any current efforts to acquire control of Insteel. It should be noted, however, that the additional shares could be issued in connection with defending Insteel against a hostile takeover bid to dilute the equity ownership of a person or entity seeking to obtain control of Insteel, or in a private placement with purchasers who might side with the Board of Directors if it chose to oppose a specific change of control. These additional shares also could be issued in order to strengthen our management's equity position or deter an attempt to replace our Board of Directors by diluting the percentage of shares held by persons seeking to control us by obtaining seats on the Board. An increase in our authorized common stock, taken together with our shareholder rights plan, may have the effect of discouraging unsolicited takeover attempts because additional shares would be available for issuance if the rights become exercisable. Accordingly, the amendment may have the effect of discouraging efforts to gain control of Insteel in a matter not approved by our Board of Directors. In addition, because the amendment may discourage certain attempts to gain control of Insteel, shareholders could be deprived of opportunities to sell their shares of common stock at an increased price that might result from a takeover attempt.

We currently have no plans, understandings, agreements or arrangements concerning the issuance of additional shares of common stock not previously authorized for issuance by the Board. Insteel shareholders have no preemptive rights to acquire additional shares of common stock, which means that current shareholders do not have a right to purchase any new issue of shares of common stock in order to maintain their proportionate ownership interests in Insteel.

Assuming the existence of a quorum, the proposal to amend Article IV of our Charter to increase the number of authorized shares of common stock will be approved if the votes cast in favor of the

Table of Contents

proposal exceed the votes cast against the proposal. Abstentions and broker non-votes are not treated as votes cast, and therefore will have no effect on the outcome of this proposal.

If the amendment is approved by our shareholders, it will become effective upon the filing of articles of amendment with the North Carolina Secretary of State in accordance with the North Carolina Business Corporation Act.

Board of Directors Recommendation

The Board of Directors unanimously recommends that the shareholders vote **FOR** this proposal to amend our Charter to increase the number of authorized shares of common stock.

ITEM NUMBER THREE: RATIFICATION OF THE APPOINTMENT OF GRANT THORNTON LLP

Independent Registered Public Accounting Firm

The Audit Committee of the Board has selected Grant Thornton LLP as our independent registered public accounting firm for our fiscal year ending October 2, 2010. We are submitting the selection of the independent registered public accounting firm for shareholder ratification at the Annual Meeting. We expect a representative of Grant Thornton LLP to be present at the Annual Meeting and he or she will be available to respond to appropriate questions from shareholders.

Our organizational documents do not require that our shareholders ratify the selection of our independent registered public accounting firm. If our shareholders do not ratify the selection, the Audit Committee will reconsider whether to retain Grant Thornton LLP, but still may retain them nonetheless. Even if the selection is ratified, the Audit Committee, in its discretion, may change the appointment at any time during the year if it determines that such a change would be in our best interests.

Directors Recommendation

The Board of Directors unanimously recommends a vote **FOR** ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm for fiscal year 2010.

Fees Paid to Independent Registered Public Accounting Firm

During fiscal 2009, the services of the independent registered public accounting firm included the audit of the annual financial statements, a review of our quarterly financial reports to the SEC, services performed in connection with the filing of our proxy statement and our Annual Report on Form 10-K with the SEC, attendance at meetings with our Audit Committee, consultation on matters relating to accounting, financial reporting and tax-related matters, and advisory services. Our Audit Committee approved all services performed by Grant Thornton LLP in advance of their performance. Grant Thornton LLP has served as our auditor since its appointment on July 27, 2002. Neither Grant Thornton LLP nor any of its associates have any relationship to us or any of our subsidiaries except in its capacity as auditors.

Table of Contents

Set forth below is certain information relating to the aggregate fees billed by Grant Thornton LLP, for professional services rendered for the fiscal years 2008 and 2009.

Type of Fee	2008	2009
Audit Fees	\$257,630	\$255,288
Audit-Related Fees		
Tax Fees		
All Other Fees		22,000
Total	\$257,630	\$277,288

Audit Fees. Audit Fees include fees for the recurring annual integrated audit of our financial statements, as well as assistance with the review of the quarterly financial reports and other documents filed with the SEC.

Tax Fees. No fees related to tax matters or other services were paid to Grant Thornton LLP in fiscal years 2008 or 2009.

Audit-Related Fees. No fees for audit-related activities were paid to Grant Thornton LLP in fiscal years 2008 or 2009.

All Other Fees. The fees for other services paid to Grant Thornton LLP in fiscal year 2009 were for advisory services not covered by the above categories.

Pre-Approval Policies and Procedures

Our Board has adopted an Audit Committee Pre-Approval Policy whereby the Audit Committee is responsible for pre-approving all Audit, Audit-Related, Tax and other Non-Audit Related Services to be performed by the independent registered public accounting firm. The Board has authorized the Audit Committee Chair to pre-approve any Audit-Related, Tax or other Non-Audit Related Services that are to be performed by the independent registered public accounting firm that need to be approved between Audit Committee meetings. Such interim pre-approvals shall be reviewed with the full Audit Committee at its next meeting for its ratification.

The Audit Committee Pre-Approval Policy is available on our website at <http://investor.insteel.com/documents.cfm>.

The Audit Committee has considered whether the provision of non-audit services is compatible with maintaining the principal accountant's independence.

Table of Contents

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

I. Overall Objectives

Insteel operates in an industry that is both highly competitive and cyclical. The Executive Compensation Committee (the Committee) believes that the success of the Company requires experienced leadership that fully understands the realities of Insteel's challenging business environment and has demonstrated superior business judgment as well as the ability to successfully manage and operate the business. The Committee's goal in developing its executive compensation system has been to attract, motivate and retain executives who will be successful in this environment and thus enhance the value of the business for our shareholders.

The Company is committed to pay for performance at all levels of the organization and accordingly a substantial proportion of each executive officer's total compensation is variable, meaning the executive officer's total compensation will be determined based upon the Company's performance. The Committee does not currently have a fixed formula to determine the percentage of pay that should be variable, but reviews annually the mix between base salary and variable compensation to ensure that its goal of paying for performance will be achieved.

The Committee also believes it is critically important to retain executive officers who have demonstrated their value to the Company. Accordingly, several elements of our compensation system are intended to provide strong incentives for executive officers to remain employed by us. For example, we provide a non-qualified supplemental retirement benefit to executive officers that requires a minimum of 10 years of service before any benefit is paid, and 30 years of service to earn the full benefit provided (50% of base salary per year for 15 years following retirement).

The Committee has developed its executive compensation system with the assistance of an independent consultant. The Consultant reports directly to the Committee and takes direction from the Committee regarding the scope of services it provides. For fiscal 2009, the Committee engaged Pearl Meyer & Partners (Pearl Meyer) to review our compensation program. We previously used a different independent consulting organization, Mercer, and retained Pearl Meyer for fiscal 2009 after the key partner handling our compensation matters at our former consulting organization resigned to join Pearl Meyer. Neither consultant performed any other services for Insteel during fiscal 2008 or 2009, and it is the Committee's policy that its independent consultant shall not perform other services for the Company. The Committee is responsible for establishing the CEO's compensation, and it reviews and approves recommendations from the CEO regarding the compensation of other executive officers. The Committee regularly meets in executive session without members of management present, and may consult with its consultant as necessary during its deliberations.

Following are the features of the compensation system that support the attainment of the Committee's fundamental objectives:

Attract, motivate and retain key executives by providing total compensation opportunities competitive with those provided to executives employed by companies of a similar size and/or operating in similar industries.

In formulating our approach to total compensation each year, the Committee requires its consultant, if one is retained, to provide peer

Table of Contents

group data to benchmark our compensation system against systems of other companies in similar industries, as well as against systems of comparably-sized companies in other industries. Any consultant that we retain also advises the Committee on the overall design of our compensation system, as Pearl Meyer did during fiscal 2009.

The objective of our benchmarking process is to provide total compensation opportunities to our executive officers that are near the median of our peer group. Although comparisons to compensation levels in other companies are considered helpful in assessing the overall competitiveness of our compensation practices, the Committee does not feel the need to adhere precisely to the mathematical median, and it places a relatively greater emphasis on overall compensation opportunities rather than on setting each element of compensation at or near the median for that element.

Tightly link performance-based compensation to corporate performance.

Annual Incentive. As a public company, our goal is to create shareholder value. To motivate our executive officers to align their interests with those of our shareholders, we provide annual incentives which are designed to reward our executive officers for the attainment of short-term goals, and long-term incentives which are designed to reward them for increases in our shareholder value over time. The annual incentive for senior executives is based entirely on the Company's return on capital, which is a measure that incorporates both the generation of earnings and the management of the Company's balance-sheet and is closely correlated with long-term shareholder returns.

Long-Term Incentives. At this time, our long-term incentives are entirely equity-based, comprised of 50% restricted stock units (RSUs) and 50% options to purchase our common stock. Use of these equity-based incentives ensures that their value is directly linked to changes in the price of our common stock. Our long-term incentive program currently does not include a cash component.

Encourage long-term commitment to the Company.

We believe that the value provided by employees increases over time as they become increasingly knowledgeable about our industry, customers and competitors, as well as our business processes, people and culture. We believe that providing incentives for executive officers to remain with the Company will enhance the long-term value of the Company. Accordingly, we include programs such as Retirement Security Agreements and Change-in-Control Severance Agreements as components of our executive compensation system to provide such incentives. The full benefit under our Retirement Security Agreements is not achieved until our executive officer is employed by us for 30 years. The minimum benefit under these agreements requires 10 years of service.

Table of Contents

II. Overview of Fiscal 2009 Compensation

Our executive compensation system is composed of base salary; our Return on Capital Incentive Compensation Plan (ROCICP) which provides for annual incentive payments; long-term incentives (currently consisting of RSUs and stock options); a supplemental retirement plan provided through Retirement Security Agreements with each executive officer; Change-in-Control Severance Agreements and (in the case of our CEO and CFO) Severance Agreements, each of which specifies payments and benefits upon, respectively, a change in control and involuntary termination; and certain other benefits such as medical, life and disability insurance and participation in the Company's 401(k) retirement savings plan. We do not provide significant perquisites to executive officers.

A brief description of each element of our executive compensation system, as well as the objective of each element is set forth below.

Table of Contents

Compensation Element	Description	Objective
Base Salary	Fixed cash compensation.	<p>Provide basic level of income security.</p> <p>Compensate executive officers for fulfilling basic job responsibilities.</p> <p>Provide base pay commensurate with median salaries of peer group.</p> <p>Attract and retain key executive officers.</p>
ROCICP Annual Incentive Program	Variable cash compensation paid pursuant to a plan in which all of our sales and administrative employees participate.	<p>Align executive compensation with shareholder interests because payment of the incentive is based on return on capital, a metric closely correlated with the creation of shareholder value.</p> <p>Reward executive officers based on actual returns generated relative to the Company's weighted average cost of capital.</p>
Long-Term Incentives	Variable compensation granted 50% as RSUs (vesting after three years) and 50% as stock options (vesting one-third each year for three years).	<p>Further align executive compensation with shareholder interests, because the value of these incentives is directly linked to changes in the Company's common stock price.</p> <p>Aid in retention and encourage long-term commitment to the Company.</p>
Supplemental Retirement Plan (Retirement Security Agreement)	Non-qualified retirement plan providing additional income to executive officers for 15 years following retirement.	<p>Aid in retention and encourage long-term commitment to the Company.</p> <p>Compensate for federal limits on qualified retirement plans.</p>
Severance/Change-in-Control Severance (CIC) Agreements	Our CEO and CFO have severance agreements that specify payments to them in the event of involuntary termination. All executive officers have CIC agreements specifying their rights related to termination of employment following a change in control of the Company.	<p>Encourage long-term commitment to the Company.</p> <p>Focus executives on shareholder interests.</p> <p>Provide transition assistance in the event of job loss.</p>
Other Benefits		

Medical, life and disability insurance; 401(k) savings plan.

Provide insurance and basic retirement benefits of the same nature that other Company employees receive.

Table of Contents

III. Process for Establishing Executive Compensation and Description of Elements

Benchmarking. In connection with its review of executive officer compensation, the Committee requested that Pearl Meyer perform a comprehensive analysis of total direct compensation provided to Insteel executive officers for fiscal 2007. Pearl Meyer created a custom peer group of seven publicly-traded companies in the steel and building products industries which are of roughly comparable size and complexity to Insteel. In addition, Pearl Meyer consulted a number of published surveys containing compensation data for comparable executive positions in manufacturing companies with comparable size and complexity to Insteel. The seven publicly-traded companies in the peer group, and their ticker symbols, are as follows:

NN Inc. (NNBR)

LB Foster Co. (FSTR)

Gibraltar Industries, Inc. (ROCK)

Dayton Superior Corp (DSUP)

RBC Bearings, Inc. (ROLL)

Keystone Consolidated Industries, Inc. (KYCN.OB)

Northwest Pipe Company (NWPX)

The Pearl Meyer analysis indicated that base salaries of our executive officers are at about the 25th percentile of peer-group companies. Annual targeted total cash compensation (i.e., base salary plus targeted annual incentive) is slightly below the 25th percentile. However, due to company financial performance that exceeded the targeted return on capital in fiscal 2007 and 2008, resulting in annual incentive payments that exceeded target amounts, actual total cash compensation for our executive officers was at the 50th percentile for those years. The Committee believes that our program thus creates an excellent alignment between executive pay and our financial performance. The report also noted that the proportion of our targeted total compensation that is represented by long-term incentives is somewhat greater than the peer group's and the committee believes this further enhances the alignment of executive pay with our performance. Accordingly, the Committee determined that the basic structure of our executive compensation program would remain unchanged for fiscal 2009.

The Committee also reviewed specific compensation levels for fiscal 2009. The Committee determined that, due to the anticipated deterioration in the Company's financial results that was expected to persist through the year, no increases in base salary or other compensation would be provided to executive officers during fiscal 2009.

Following is a detailed description of each of the elements of our compensation program.

Base Salaries. Base salaries are established by the Committee and reviewed annually. The Committee does not necessarily adjust salaries annually and did not adjust them in fiscal 2009 in view of the anticipated deterioration in the Company's financial results following the onset of the global financial crisis and recessionary conditions in the economy. In establishing and adjusting base salaries, the Committee considers the following factors:

The executive's performance;

The responsibilities of the executive;

The strategic importance of the position;

Competitive market compensation information;

Skills, experience and the amount of time the executive has served in the position; and

The Company's recent performance and current business outlook.

Table of Contents

Following the period of February 2000 to March 2005 during which salaries of executive officers were frozen, the Committee gradually increased salaries of executive officers. The Committee had recently sought to establish base salaries between the 25th and 50th percentile of the peer group. The Committee did not provide salary increases to our executive officers during fiscal 2009, and made only one salary adjustment during fiscal 2008.

Annual Incentive. For a number of years, executive officers of Insteel have earned annual incentive compensation pursuant to our ROCICP. This plan applies to all of our sales and administrative employees, with target annual incentive payments ranging from 10% to 50% of annual base salary during fiscal 2009, and payments capped at twice the target incentive level. The target annual incentive payments for executive officers of the Company during fiscal 2009 were 50% of the executive's annual base salary. Based on peer group information, the Committee believes our annual incentive opportunity for executive officers at maximum award levels is somewhat greater than the median for peer group companies, bringing potential total cash compensation near the median for our peer group. The Committee believes this balance between base salaries and annual cash incentives is appropriate, in that our executive officers' cash compensation will be near the median for our peer group only if our short-term goals are achieved, and will exceed the median in the event of excellent performance.

For fiscal 2009, we calculated our weighted average cost of capital (WACC) to be 15%. Since we were debt free during fiscal 2009, we established the WACC as the return that we believe would be expected by a prudent investor in our stock. Attaining a return equal to our WACC would have resulted in the payout of incentive compensation at the target bonus level. The performance level at which the maximum incentive payment would be earned was set at 20% of the beginning of the year invested capital (WACC + 5%) while the minimum threshold at which an incentive payment would be earned was set at 10% of the beginning of the year invested capital (WACC - 5%). Unlike our two prior fiscal years, during which our return on capital exceeded the level at which maximum incentives were earned, in fiscal 2009, we did not make any annual incentive payments since our return on capital fell below the minimum threshold.

The Committee continues to believe that return on invested capital is an appropriate metric for the annual incentive in that it is driven off both the generation of earnings as well as responsible management of Company assets, and is closely correlated with the creation of shareholder value. Since responsible management of Company assets is an integral component of the annual incentive calculation, the Committee believes use of this program inherently restrains excessive risk-taking on the part of management. The amounts earned annually under the ROCICP are established strictly by formula. The ROCICP does not provide for increasing or decreasing the annual incentive based on subjective factors.

During fiscal 2007, our Board of Directors amended the ROCICP to clarify that in the event of a material restatement of earnings, the Board has the right to recover payments previously made under the ROCICP, or to reduce future payments. In making a determination whether and from whom to recover previously paid awards, or to reduce future awards, the Committee will consider the amount of the restatement, the reason for the restatement, the role played by any executive officers in the actions and decisions leading to the restatement and any other factors the Committee deems relevant.

Long-Term Incentives. Our long-term incentives are currently entirely equity-based, consisting of 50% RSUs and 50% stock options. These incentives are granted under our 2005 Equity Incentive Plan. The targeted amount of the awards was established by the Committee early in fiscal 2007 based on input from our independent consultant at that time, Mercer. The targeted amount of the long-term incentive was established at approximately the median for executives in similar positions, in the peer group of companies developed by Mercer. The targeted value of the long-term incentives for each executive officer during fiscal 2007 and fiscal 2008 was as follows; Mr. Woltz III: \$600,000; Messrs. Gazmarian and Wagner: \$275,000 each; Mr. Petelle: \$110,000.

Table of Contents

The Committee obtained input from its new compensation consultant, Pearl Meyer, regarding our long-term incentive compensation early in fiscal 2009. Pearl Meyer presented data for the peer group of companies set forth above, as well as from compensation surveys for comparable executive positions in companies of similar size, industry and complexity to us. Based on the peer group and survey data, Pearl Meyer did not recommend an increase in the targeted value of our long-term incentives for fiscal 2009, and the targeted value of these incentives therefore remained unchanged for fiscal 2009.

The RSUs and stock options are awarded in two equal tranches, with the first tranche effective on the date of the Company's February annual meeting and the second tranche effective on the date that is six months after the annual meeting. These dates are typically about three weeks after release of our quarterly financial results. The Committee believes that providing these awards on predetermined dates that closely follow the reporting of our quarterly financial results is most appropriate. As noted in the section headed "Grants of Plan-Based Awards" below, the only recent exception to this policy involved an award of restricted stock in connection with the employment of Mr. Petelle in fiscal 2007.

Prior to fiscal 2009, we awarded shares of restricted stock, instead of RSUs. We decided to award RSUs rather than shares of restricted stock because RSUs are initially less dilutive since RSUs are not considered outstanding shares until the shares are issued after the RSUs vest (unlike shares of restricted stock), and also because RSUs mitigate certain tax consequences of an equity award granted to an individual who is eligible to retire under our 2005 Equity Incentive Plan. We determined the number of shares of restricted stock to award in the same manner as we now determine how many RSUs to award, and the economic effect on the Company is substantially the same for each form of awards.

The number of RSUs and the number of stock options to be awarded to each of our executive officers on each grant date is calculated based on the closing price on such date. For example, the target value of long-term incentives granted to Mr. Woltz III during fiscal 2009 was established by the Committee at \$600,000 based on benchmarking data provided Mercer during fiscal 2007. Accordingly, he received the awards of RSUs and stock options in the amounts shown below on the dates indicated. Since the value of each grant of options and RSUs is pre-determined by the Committee, and the awards occur on pre-established dates, management does not participate in the process of granting these options and RSUs.

Date	Type of Grant	No. of Units	Closing Price	Value on the Date of Grant	ASC Topic 718 Grant Date Value
2/10/09	RSUs	19,868	\$7.55	\$150,003	\$150,003
2/10/09	Stock Options	32,609	\$7.55	\$150,001	\$150,001
8/10/09	RSUs	12,931	\$11.60	\$150,000	\$150,000
8/10/09	Stock Options	23,962	\$ 11.60	\$150,002	\$150,002

The value of each share of Company stock subject to a stock option was established with the assistance of a financial consultant retained by the Company to establish the value of our option grants for financial statement purposes. We and the consultant use a Monte Carlo option valuation model to establish the value of our stock options. The value of each share of stock subject to a grant of option on February 10, 2009 was established at \$4.60 per option share on that date, and at \$6.26 per option share on August 10, 2009. The values of the equity grants shown above reflect the full fair value on each award date, as compared with amounts shown in the Summary Compensation Table below, which (as required by SEC regulations) reflect the annual accounting cost to the Company of these, as well as previously awarded, equity grants in accordance with the fair value recognition provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718, Compensation - Stock Compensation. Prior to fiscal 2008, we used a different option valuation method to determine how

Table of Contents

many option shares to grant to executive officers. We changed to the Monte Carlo valuation model in order to be consistent with the valuation method that we use for financial reporting purposes.

Prior to fiscal 2008, dividends on restricted shares were reinvested, and additional shares added as a result of reinvestment were vested and paid on the same schedule as the related restricted shares. Beginning in fiscal 2008, dividends on restricted shares have been paid in cash. We made this change to eliminate the administrative burden associated with issuing relatively small amounts of additional restricted shares in connection with payment of our quarterly dividend.

We have not adopted formal stock ownership guidelines for our executive officers, since our executive officers with long service have generally been significant owners of our stock.

Retirement Benefits. Our executive officers each participate in the 401(k) defined contribution plan that is available to substantially all Company employees. Under this plan the Company will match 50% of a participant's contribution up to 7% of the participant's eligible compensation. However, certain IRS regulations place significant limits on the ability of our executive officers to defer the same portion of their compensation as other participants and to receive a Company match at the same rate as other participants. To help compensate for these limits, but in a manner that provides significant incentives for executives to remain employed by the Company, the Committee has established supplemental retirement plans through retirement security agreements (each, an SRP) in which certain Company executives, including all its executive officers, participate. An executive officer is eligible for the full benefit under the respective SRP if he remains employed by us for a period of at least 30 years. In that case, we will pay the executive officer, during the 15-year period following the later of (i) retirement, or (ii) reaching age 65, a supplemental retirement benefit equal to 50% of the executive officer's average annual base salary for the five consecutive years in which he received the highest base salary in the 10 years preceding retirement.

An executive officer may receive reduced benefits under the SRP if he retires prior to completing 30 years of service, so long as the executive has reached at least age 55 and has completed at least 10 years of service. If the executive officer does not complete 10 years of service, no benefit is paid under the SRP. If he completes at least 10 years, but less than 30, the amount of the benefit will be reduced by 1/360th for each month short of 360 months that he was employed by us.

Under the SRP, we also provide for pre-retirement disability and death benefits. The disability benefit is payable to an executive officer if, due to disability, his employment terminates before reaching age 65 or completing 30 years of service. In this event, we would pay him, during the 10-year period following the date of disability, a supplemental retirement benefit that, when added to the benefits received (if any) by the executive officer under our long-term disability insurance plan for employees, is equal to 100% of the executive officer's highest average annual base salary for five consecutive years in the 10-year period preceding the date on which his disability occurred. If the long-term disability insurance payments end prior to the end of the 10-year period, the pre-retirement disability benefit will continue for the remainder of the 10-year period in an amount equal to 50% of his highest average annual base salary for five consecutive years in the 10-year period preceding the date on which his disability occurred.

The death benefit is payable in the event that the executive officer dies while employed by us. In this event, we will pay to the executive officer's beneficiary, for a term of 10 years following his death, a supplemental death benefit in an amount equal to 50% of his highest average annual base salary for five consecutive years in the 10-year period preceding the date of his death.

Table of Contents

Change-in-Control Severance Agreements. We have entered into change-in-control severance agreements with each of our executive officers. These agreements specify the terms of separation in the event that termination of employment occurs following a change in control. The initial term of each agreement is two years and the agreements provide for subsequent automatic one-year renewal terms unless we or the executive officer provides notice of termination. The agreements do not provide assurances of continued employment, nor do they specify the terms of an executive officer's termination should the termination occur in the absence of a change in control.

The Committee first provided change-in-control severance agreements to our executive officers in May 2003 because it believed that such agreements should be provided to individuals serving in executive positions that can materially affect the consummation of a change-in-control transaction and are likely to be materially affected by a change in control.

These agreements are consistent with the Committee's overall objective of aligning the interests of executive officers and shareholders in that they provide protection to the executive officers in the event of job loss following a transaction. Absent this protection, the executive may be distracted by personal uncertainties and risks in the event of a proposed transaction or may not vigorously pursue certain transactions that would benefit shareholders due to potential negative personal consequences.

Under the terms of these agreements, in the event of termination within two years of a change of control, Messrs. Woltz III and Gazmarian would receive severance benefits equal to two times base salary, plus two times the average bonus for the prior three years and the continuation of health and welfare benefits (including payment of premiums for COBRA coverage) for two years following termination. Messrs. Wagner and Petelle would receive severance benefits equal to one times base salary, plus one times the average bonus for the prior three years and the continuation of health and welfare benefits (including payment of premiums for COBRA coverage) for one year following termination. In addition, all stock options, restricted stock awards and RSUs outstanding immediately prior to termination would vest and, in the case of options, become exercisable for the remainder of the term provided for in the original agreement relating to each grant of options. Finally, we would pay up to \$15,000 for outplacement services for Messrs. Woltz III, Gazmarian, Wagner and Petelle.

The terms of the change-in-control severance agreements were based on prevailing practice at the time the agreements were entered into, as well as competitive pressures in securing and retaining the services of executive officers. The Committee determined to provide relatively greater change-in-control severance benefits for Mr. Woltz III, our CEO, and Mr. Gazmarian, our CFO, because it believed they would likely be most engaged in any negotiations leading to a transaction that would result in a change in control, and that they would be less likely to retain their positions following a change in control.

Any termination benefits payable under a change-in-control severance agreement are subject to reduction if necessary to avoid the application of the golden parachute rules of Section 280G and the excise tax imposed under Section 4999 of the Internal Revenue Code. The agreements do not provide for a gross up of any payments to cover any tax liability that may be imposed on our executive officers.

Severance Agreements. We have entered into severance agreements with Mr. Woltz III and Mr. Gazmarian. The severance agreements provide certain termination benefits in the event that we terminate the employment of Mr. Woltz III or Mr. Gazmarian without cause (as defined in each severance agreement). Each severance agreement provides for automatic one-year renewal terms unless we or Mr. Woltz III or Mr. Gazmarian provide prior notice of termination.

We first entered into the severance agreements with Messrs. Woltz III and Gazmarian in December 2004. At that time, the Committee concluded that Messrs. Woltz III and Gazmarian, who were leading efforts to restructure the Company, required additional protection in the event that either of them

Table of Contents

lost his position under circumstances in which he would not be entitled to benefits under his change-in-control severance agreement.

Neither Mr. Woltz III nor Mr. Gazmarian would be entitled to termination benefits under a severance agreement (i) if his employment with us is terminated for cause, or (ii) if he is entitled to receive benefits under the change-in-control severance agreement described above.

Under the terms of the severance agreements, if Mr. Woltz III or Mr. Gazmarian were terminated without cause, each would receive a lump sum severance payment equal to one and one-half times his annual base salary, and the continuation of health and welfare benefits (including payments of premiums for COBRA coverage), for 18 months following termination. In addition, all stock options, restricted stock awards and RSUs outstanding immediately prior to termination would vest and, in the case of options, become exercisable for the remainder of the term provided for in the original agreement relating to each grant of options. Finally, we would pay up to \$15,000 for outplacement services for Mr. Woltz III or Mr. Gazmarian. At the time these agreements were entered into, the Committee believed their terms were comparable to those provided to senior officers of similar public companies.

Any termination benefits payable under a severance agreement are subject to reduction if necessary to avoid the application of the golden parachute rules of Section 280G and the excise tax imposed under Section 4999 of the Internal Revenue Code.

The Committee periodically reviews the payments that could be received by executive officers pursuant to their respective severance and change-in-control severance agreements, but does not consider the amount of the potential benefits under these agreements when it establishes the elements of each executive officer's ongoing compensation.

Broad-Based Employee Benefits. Our executive officers participate in employee benefit plans that are offered to all employees, such as health, life and disability insurance and our 401(k) retirement savings plan. Our salaried employees are entitled to designate a beneficiary who will receive a death benefit in the event of the employee's death while he is employed by us. The amount of the death benefit is determined by the employee's salary grade. The death benefit payable to beneficiaries of each of our executive officers is \$500,000. We maintain split dollar life insurance policies on a broad group of employees, including each of our executive officers, to fund the payment of the death benefit. Proceeds of these policies are payable to us.

Our broad-based employee benefit programs are reviewed periodically to ensure that these programs are adequate based on competitive conditions as well as cost considerations.

Deductibility of Compensation. Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to publicly held companies for compensation paid to certain executive officers, to the extent that compensation exceeds \$1 million per officer in any year, although certain performance-based compensation is not subject to the deduction limit. We generally seek to maximize the deductibility for tax purposes of all elements of compensation.

The Committee periodically reviews applicable tax provisions, such as Section 162(m), and may revise compensation plans from time to time to maximize deductibility. In addition, although the Committee's current intention is to ensure full deductibility of future compensation, it retains the flexibility to take actions it deems necessary to attract, motivate and retain executive officers who will help us achieve our business goals.

Table of Contents

Executive Compensation Committee Report

The Executive Compensation Committee of the Company's Board of Directors has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with Company management. Based on this review and discussion, the Executive Compensation Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference in our Annual Report on Form 10-K for the year ended October 3, 2009.

This Executive Compensation Committee report shall be deemed furnished in our Annual Report on Form 10-K for the year ended October 3, 2009, is otherwise not incorporated by reference into any of our previous filings with the SEC and is not to be deemed soliciting material or incorporated by reference into any of our future filings with the SEC, irrespective of any general statement included in any such filing that incorporates the Annual Report on Form 10-K referenced above or this proxy statement by reference, unless such filing explicitly incorporates this report.

EXECUTIVE COMPENSATION COMMITTEE

William J. Shields, Chairman
Charles B. Newsome
C. Richard Vaughn

Table of Contents**Summary Compensation Table**

The following table and accompanying footnotes provide information regarding compensation of our Chief Executive Officer, Chief Financial Officer and our two other executive officers for the fiscal year ended October 3, 2009.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ¹ (\$)	Stock Awards ² (\$)	Option Awards ² (\$)	Plan Compensation ³ (\$)	Change in Pension Value And Non-Equity Nonqualified Incentive Deferred	All Other Compensation ⁵ (\$)	Total (\$)
						Compensation ⁴ (\$)		
H. O. Woltz III President and CEO	2009	438,269	286,465	280,359	-0-	335,510	43,935	1,384,538
	2008	430,000	212,482	216,155	430,000	-0-	15,711	1,304,348
	2007	421,346	145,602	161,702	421,346	9,600	14,242	1,173,838
Michael C. Gazmarian Vice President, CFO and Treasurer	2009	254,808	126,509	126,818	-0-	105,900	23,719	637,754
	2008	250,000	96,446	97,392	250,000	3,500	9,434	706,772
	2007	244,808	65,414	71,710	244,808	18,700	7,814	653,254
James F. Petelle Vice President - Administration and Secretary	2009	163,077	54,727	48,699	-0-	28,130	62,268	356,901
	2008	156,154	34,828	30,794	156,154	13,400	24,784	416,114
	2007	141,346	15,696	9,209	141,346	14,700	31,899	354,196
Richard T. Wagner Vice President - General Manager, Insteel Wire Products	2009	224,231	126,509	126,818	-0-	102,380	22,669	602,607
	2008	220,000	96,446	97,392	220,000	4,500	8,651	646,989
	2007	213,077	65,414	71,710	192,308	16,600	7,858	566,967

^{1.} Fiscal 2009 consisted of 53 weeks while fiscal 2008 and 2007 consisted of 52 weeks. The annual rate of pay for our executive officers during fiscal 2009 was as follows: Mr. Woltz III \$430,000; Mr. Gazmarian \$250,000; Mr. Petelle \$160,000; Mr. Wagner \$220,000.

2. Amounts reported reflect the dollar amount recognized for financial statement reporting purposes for the fiscal year indicated, in accordance with ASC Topic 718, disregarding estimated forfeitures. The amounts therefore reflect the accounting expense of awards granted in and prior to each such fiscal year, and do not reflect the actual value, if any, that may be received by executive officers for their awards. Assumptions used in the calculation of these amounts for fiscal 2009 are set forth in Note 6 of our consolidated financial statements as reported in our

Table of Contents

Annual Report on Form 10-K for the year ended October 3, 2009 filed with the SEC. Dividends paid on restricted stock and dividend equivalents paid on RSUs are currently paid in cash and are reported in the All Other Compensation column.

3. Amounts reported for fiscal 2007 and 2008 represent cash incentive amounts accrued for these years under our ROCICP. No incentives were earned under the ROCICP for fiscal 2009.
4. Amounts reported for each fiscal year represent the increase in the present actuarial value during such fiscal year of the executive officer's accumulated benefits under our RSP determined using interest rate assumptions consistent with those set forth in Note 9 of our consolidated financial statements as reported in our Annual Report on Form 10-K for the year ended October 3, 2009 filed with the SEC. These amounts were calculated based on the following discount rate assumptions as of the end of each fiscal year: 2006, 6.00%; 2007, 6.25%; 2008, 7.00%; and 2009, 5.50%. If the discount rate assumption had not been changed during fiscal 2009, the amounts reported in this column for fiscal 2009 would have been as follows: Mr. Woltz, \$60,860; Mr. Gazmarian, \$31,300; Mr. Petelle, \$18,475; Mr. Wagner, \$30,155. Executive officers may not be fully vested in the amounts reflected herein. We do not currently offer any program for deferring compensation and therefore there were no above-market earnings on deferrals that were required to be reported in this column.
5. Amounts shown for fiscal 2009 include (i) dividends paid on restricted shares and dividend equivalents paid on RSUs; (ii) the current dollar value attributed by the IRS to the death benefit program we provide to our executive officers; (iii) the amount of matching funds paid into our Retirement Savings Plan on behalf of the executive officers; and (iv) in the case of Mr. Petelle, reimbursement for relocation expenses, and tax gross-up on such reimbursement. The following table shows the amount of each component described above.

Name	Dividends/Dividend Equivalents Paid on Restricted Shares and RSUs (\$)	Death Benefit Value (\$)	401(k)		Tax Gross-up of Expense Reimbursement (\$)
			Matching Payments (\$)	Relocation Expenses (\$)	
H. O. Woltz III	30,584	1,264	12,087	-0-	-0-
Michael C. Gazmarian	13,951	958	8,810	-0-	-0-
James F. Petelle	5,666	2,547	5,626	25,600	22,829
Richard T. Wagner	13,951	958	7,760	-0-	-0-

Grants of Plan-Based Awards

The following table provides information regarding (1) annual incentive compensation payments to our executive officers under our ROCICP, and (2) the value of stock options and RSUs awarded to our executive officers during fiscal 2009 under our 2005 Equity Incentive Plan.

No incentives were earned under the ROCICP during fiscal 2009.

Beginning in fiscal 2006, our practice has been to grant equity awards (stock options and restricted stock and, beginning in fiscal 2009, RSUs) on two dates each fiscal year: the date of our annual shareholders meeting and the date that is six months after the shareholders meeting. The one exception to this practice occurred in fiscal 2007 when we granted 1,695 shares of restricted stock to Mr. Petelle in connection with the commencement of his employment with us. This grant was made on November 14, 2006, the date Mr. Petelle was elected an executive officer by our Board of Directors.

Table of Contents

Stock options have a 10-year term and vest in equal annual increments of one-third of the amount of each grant on the first, second and third anniversaries of the grant date. Options are priced at the closing price of our stock on the date of grant, as reported on NASDAQ. The restrictions on restricted stock lapse three years after the date of award. During the restricted period, our executive officers may vote the shares, but may not sell or transfer them or use them as collateral. Prior to and throughout fiscal 2007, our practice with respect to dividends on restricted stock was that they were used to purchase additional shares of restricted stock. Beginning in fiscal 2008, and continuing in fiscal 2009 dividends on restricted shares were paid in cash. Beginning in fiscal 2009, we granted RSUs instead of shares of restricted stock. RSUs are settled in shares of our common stock at the end of three years. Our executives do not have the right to vote the shares represented by RSUs, and may not sell or transfer RSUs, or use them as collateral. We pay dividend equivalents in cash on outstanding RSUs.

Generally, stock options, restricted stock, and RSUs are subject to forfeiture if an executive officer leaves our employ for reasons other than death, disability or retirement prior to vesting or lapse of restrictions. Pursuant to the Severance Agreements we have with Messrs. Woltz III and Gazmarian, vesting of stock options and lapse of restrictions on restricted stock and RSUs will accelerate in connection with a termination without cause. For all of our executive officers, if employment with us terminates due to death, disability or retirement, or without cause in connection with a change in control pursuant to the terms of our Change-in-Control Severance Agreements, the vesting of stock options and RSUs and lapse of restrictions on restricted stock will accelerate.

GRANTS OF PLAN-BASED AWARDS

Name	Grant Date ¹	Threshold (\$)	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards ²		All Other Awards: Stock Awards: Number of Shares of Stock (#)	All Other Awards: Number of Securities Underlying Options (#) ³	Exercise or Base Price of Option Awards (\$/share)	Grant Date Fair Value of Stock and Option Awards (\$) ⁴
			Target (\$)	Maximum (\$)				
H. O. Woltz III	N/A		215,000	430,000				
	2/10/09				19,868	32,609	7.55	300,004
	8/10/09				12,931	23,962	11.60	300,002
Michael C. Gazmarian	N/A		125,000	250,000				
	2/10/09				9,106	14,946	7.55	137,502
	8/10/09				5,927	10,982	11.60	137,500
James F. Petelle	N/A		80,000	160,000				
	2/10/09				3,642	5,978	7.55	54,996
	8/10/09				2,371	4,393	11.60	55,004
Richard T. Wagner	N/A		110,000	220,000				

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2/10/09	9,106	14,946	7.55	137,502
8/10/09	5,927	10,982	11.60	137,500

Table of Contents

1. The options granted on the dates shown in this column were granted under our 2005 Equity Incentive Plan, as amended.
2. Our incentive award program is considered a non-equity incentive plan and is discussed above under Compensation Discussion and Analysis. There is no threshold amount payable under the program. The amounts shown in the Target column reflect each executive officer's target bonus percentage of base salary set by the Executive Compensation Committee for fiscal 2009. The amounts shown in the Maximum column reflect the maximum amount payable to each executive officer under the program based on his target bonus percentage. No awards were

paid to our executive officers under this program for fiscal 2009.

3. For each option, the exercise price per share is the closing price of our common stock on NASDAQ on the grant date.
4. Represents the grant date fair value computed in accordance with ASC Topic 718. The actual value an executive officer may receive depends on the market price of our stock, and there can therefore be no assurance that amounts reflected in this column will actually be realized.

Our equity-based compensatory awards for fiscal 2009 were issued pursuant to our 2005 Equity Incentive Plan, which was previously approved by our shareholders. The maximum number of shares issuable under that plan may not exceed 1,770,000 shares, and awards settled in cash and shares subject to awards that were forfeited, canceled, terminated, expire or lapse for any reason do not count against this limit. Awards that may be granted under the plan include incentive options and non-qualified options, restricted stock awards and stock units, and performance awards. The number of shares reserved for issuance under the plan and the terms of awards may be adjusted upon certain events affecting our capitalization. The plan is administered by our Executive Compensation Committee. Subject to the terms of the plan, the Executive Compensation Committee has authority to take any action with respect to the plan, including selection of individuals to be granted awards, the types of awards and the number of shares of common stock subject to an award, and determination of the terms, conditions, restrictions and limitations of each award.

Additional discussion regarding factors that may be helpful in understanding the information included in the Summary Compensation Table and Grants of Plan-Based Awards table is included above under Compensation Discussion and Analysis.

Outstanding Equity Awards at Fiscal Year End 2009

The following table provides information regarding unexercised stock options and unvested stock awards held by our executive officers as of October 3, 2009, the last day of our fiscal 2009. All values in the table are based on a market value of our common stock of \$11.64, the closing price reported on NASDAQ on October 2, 2009, the last trading day during fiscal 2009.

Table of Contents**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

Name	Option Awards				Stock Awards Market	
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) ²	Value of Shares or Units of Stock That Have Not Vested (\$)
H. O. Woltz III	17,826	-0-	9.12	3/4/2015	71,434	831,492
	11,532	-0-	6.89	7/26/2015		
	9,144	-0-	15.64	2/14/2016		
	6,369	-0-	20.26	8/14/2016		
	9,597	4,798	17.11	2/13/2017		
	7,919	3,959	20.27	8/13/2017		
	9,597	19,194	11.15	2/19/2018		
	5,319	10,638	16.69	8/19/2018		
	-0-	42,609	7.55	2/10/2019		
	-0-	23,962	11.60	8/10/2019		
Michael C. Gazmarian	5,301	-0-	9.12	3/4/2015	32,741	381,105
	3,430	-0-	6.89	7/26/2015		
	4,080	-0-	15.64	2/14/2016		
	2,841	-0-	20.26	8/14/2016		
	4,399	2,199	17.11	2/13/2017		
	3,630	1,814	20.27	8/13/2017		
	4,399	8,797	11.15	2/19/2018		
	2,438	4,876	16.69	8/19/2018		
	-0-	14,946	7.55	2/10/2019		
	-0-	10,982	11.60	8/10/2019		
James F. Petelle	1,760	879	17.11	2/13/2017	14,799	172,260
	1,452	726	20.27	8/13/2017		
	1,760	3,518	11.15	2/19/2018		
	976	1,950	16.69	8/19/2018		
	-0-	5,978	7.55	2/10/2019		
	-0-	4,393	11.60	8/10/2019		
Richard T. Wagner	5,301	-0-	9.12	3/4/2015	32,741	381,105
	3,430	-0-	6.89	7/26/2015		
	4,080	-0-	15.64	2/14/2016		
	2,841	-0-	20.26	8/14/2016		
	4,399	2,199	17.11	2/13/2017		
	3,630	1,814	20.27	8/13/2017		

4,399	8,797	11.15	2/19/2018
2,438	4,876	16.69	8/19/2018
-0-	14,946	7.55	2/10/2019
-0-	10,982	11.60	8/10/2019

1. All of these options have become exercisable or will become exercisable as to one-third of the total number or shares covered by such option on each of the first, second and third anniversary of the grant date. The grant date in each case is 10 years prior to the option expiration date.
2. These shares of restricted stock and RSUs will vest on the third anniversary of the date of grant. The number of shares that will vest on dates subsequent to the end of fiscal 2009 is shown in the following chart.

Table of Contents

	11/18/09	2/13/10	8/13/10	2/19/11	8/19/11	2/10/12	8/10/12
H.O. Woltz III		8,796	7,400	13,452	8,987	19,868	12,931
Michael C. Gazmarian		4,031	3,392	6,166	4,119	9,106	5,927
James F. Petelle	1,703	1,612	1,357	2,466	1,648	3,642	2,371
Richard T. Wagner		4,031	3,392	6,166	4,119	9,106	5,927

Options Exercised and Stock Vested During Fiscal Year

The following table provides information regarding compensation earned by our executive officers as a result of vesting of restricted stock during fiscal 2009. No executive officer exercised stock options during fiscal 2009.

<u>Name</u>	<u>Option Awards</u>		<u>Stock Awards</u>	
	<u>No. of Shares</u>	<u>Value</u>	<u>No. of Shares Acquired</u>	<u>Value Realized on Vesting (\$)</u>
	<u>Acquired on Exercise (#)</u>	<u>Realized on Exercise (\$)</u>	<u>on Vesting (#)</u>	<u>Value Realized on Vesting (\$)</u>
H. O. Woltz III	0	0	9,277	87,254
Michael C. Gazmarian	0	0	4,138	38,920
James F. Petelle	0	0	0	0
Richard T. Wagner	0	0	4,138	38,920

Pension Benefits

Through individual agreements, we provide supplemental retirement benefits to our executive officers which provide for payments to them for a 15-year period beginning on the later of (i) retirement or (ii) reaching age 65. The maximum annual benefit payable under the supplemental retirement plan provided through each executive officer's Retirement Security Agreement (each, an "SRP") is equal to 50% of the executive officer's annual base salary for the five consecutive years in which he received the highest salary during the 10 years prior to retirement. Only base salary is included in the calculation of the benefit under the SRP.

To receive the maximum benefit under the SRP, the executive officer must be employed by us for at least 30 years. An executive officer will receive reduced benefits under the SRP if he is employed by us for at least 10 years and retires at or after reaching age 55. Since Mr. Woltz III has been employed by us for 30 years, his benefit under the SRP has vested. None of our other executive officers currently meet the minimum qualification for reduced retirement benefits under the SRPs. For more information regarding the SRPs, see the discussion above under the heading "Retirement Benefits" in the "Compensation Discussion and Analysis" section of this proxy statement.

The following table shows the present value of the accumulated benefit as of October 3, 2009 payable at, following or in connection with retirement to each of our executive officers, including the number of years of service credited to each.

Table of Contents**PENSION BENEFITS**

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit (\$)	Payments During Last Fiscal Year (\$)
H. O. Woltz III	Retirement Security Agreement	31	1,204,110	-0-
Michael C. Gazmarian	Retirement Security Agreement	15	286,800	-0-
James F. Petelle	Retirement Security Agreement	3	56,230	-0-
Richard T. Wagner	Retirement Security Agreement	17	277,680	-0-

Potential Payments Upon Termination or Change in Control

The discussion and tables below describe the potential payments that could be received by each of the executive officers if the executive officer's employment was terminated on October 2, 2009, the last business day of our fiscal year. The amounts in the tables for stock options and restricted stock/RSUs represent the value of the awards that vest as a result of the termination of the executive officer's employment. For purposes of valuing the stock options and restricted stock/RSUs, the amounts below are based on a per share price of \$11.64, which was our closing price as reported on NASDAQ on October 2, 2009, the last trading day during fiscal 2009.

Table of Contents**Benefits and Payments Upon Termination**

	Voluntary Termination	Termination without Cause	Termination without Cause or for Good Reason after Change in Control	Retirement	Death	Disability
H. O. Woltz III						
Salary Continuation ¹	\$0	\$0	-0-	\$0	\$0	\$1,409,139
Severance Payment ²	0	645,000	1,143,782	0	0	0
Stock Options ³	0	184,534	184,634	184,634	184,634	184,634
Restricted Stock and RSUs ⁴	0	831,492	831,492	831,492	831,492	831,492
Benefits ⁵	0	31,919	42,558	0	0	0
Outplacement	0	15,000	15,000	0	0	0
Supplemental Retirement Plan ⁶	0	0	1,204,110	1,204,110	1,529,987	1,529,987
Death Benefit ⁷	0	0	0	0	500,000	0
Total	\$0	\$1,707,945	\$3,241,576	\$2,220,736	\$3,046,113	\$3,955,252

	Voluntary Termination	Termination Without Cause	Termination without Cause or for Good Reason after Change in Control	Retirement	Death	Disability
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**Michael C.
Gazmarian**

Salary Continuation ¹	\$0	\$0	-0-	\$0	\$0	\$1,567,555
Severance Payment ²	0	375,000	664,936	0	0	0
Stock Options ³	0	65,879	65,879	65,879	65,879	65,879

Restricted Stock and RSUs ⁴	0	381,105	381,105	381,105	381,105	381,105
Benefits ⁵	0	22,137	29,516	0	0	0
Outplacement	0	15,000	15,000	0	0	0
Supplemental Retirement Plan ⁶	0	0	286,800	0	891,611	891,611
Death Benefit ⁷		0	0	0	500,000	0
Total	\$0	\$859,121	\$1,483,236	\$446,984	\$1,838,595	\$1,340,162

1. The amounts under the Disability column represent the lump-sum present value of bi-weekly payments which Messrs. Woltz III and Gazmarian would be entitled to receive, pursuant to our disability insurance program, until their normal retirement age as defined by the Social Security Act, in the event of disability on October 2, 2009.

2. These amounts would be paid to Messrs. Woltz III and Gazmarian in a lump sum

following
termination
without cause,
pursuant to their
severance
agreements, or
in the event of a

Table of Contents

termination following a change in control, pursuant to their change-in-control severance agreements.

3. These amounts represent the difference between the market value of Insteel stock on October 2, 2009 and the option strike prices for unvested options that would vest (i) pursuant to the terms of the option grant agreements in the event of retirement, death or disability; (ii) pursuant to the terms of the severance agreement in the event of termination without cause; and (iii) pursuant to the terms of the change-in-control severance agreement in the event of termination following a change in control.

4. These amounts represent the market value of restricted shares and RSUs on October 2, 2009 on which restrictions would lapse

(i) pursuant to the terms of the restricted stock or RSU agreements in the event of retirement, death or disability;

(ii) pursuant to the terms of the severance agreement in the event of termination without cause; and

(iii) pursuant to the terms of the change-in-control severance agreement in the event of termination following a change in control.

5. These amounts represent premiums for medical and dental insurance which would be paid by us for 18 months following termination without cause and 24 months following termination after a change in control.

6. The amounts under the Change-in-Control column represent the lump-sum present value of the accumulated benefit on October 2, 2009 of the SRP and would be payable to Messrs. Woltz III

and Gazmarian in a lump sum under their change-in-control severance agreements in the event of a termination following a change in control. The amount under the Retirement column for Mr. Woltz III represents the lump-sum present value of his benefit, which in his case has vested. The amounts under the Death and Disability columns represent the estimated lump-sum present value of bi-weekly payments which Messrs. Woltz III and Gazmarian (or their heirs) would have been entitled to receive for a 10-year period pursuant to the SRP in the event of death or disability on October 2, 2009.

7. These amounts would be payable to the heirs of Messrs. Woltz III and Gazmarian in the event of their death, pursuant to our death benefit program.

Table of Contents

	Voluntary Termination	Termination without Cause	Termination without Cause or for Good Reason after Change in Control	Retirement	Death	Disability
James. F. Petelle						
Salary Continuation ¹	\$ 0	\$ 0	\$ 160,000	\$0	\$0	\$562,137
Severance Payment ²	0	0	102,051	0	0	0
Stock Options ³	0	0	26,350	26,350	26,350	26,350
Restricted Stock and RSUs ⁴	0	0	172,260	172,260	172,260	172,260
Benefits ⁵	0	0	8,592	0	0	0
Outplacement	0	0	15,000	0	0	0
Supplemental Retirement Plan ⁶	0	0	56,230	0	590,445	590,445
Death Benefit ⁷	0	0	0	0	500,000	0
Total	\$ 0	\$ 0	\$ 540,483	\$ 198,610	\$ 1,289,055	\$ 1,351,192

	Voluntary Termination	Termination without Cause	Termination without Cause or for Good Reason after Change in Control	Retirement	Death	Disability
Richard T. Wagner						
Salary Continuation ¹	\$ 0	\$ 0	\$ 220,000	\$0	\$0	\$1,402,518
Severance Payment ²	0	0	137,436	0	0	0
Stock Options ³	0	0	65,879	65,879	65,879	65,879

Restricted Stock and RSUs ⁴	0	0	381,105	381,105	381,105	381,105
Benefits ⁵	0	0	12,805	0	0	0
Outplacement	0	0	15,000	0	0	0
Supplemental Retirement Plan ⁶	0	0	277,680	0	793,765	793,765
Death Benefit ⁷	0	0	0	0	500,000	0
Total	\$ 0	\$ 0	\$1,109,905	\$446,984	\$1,740,749	\$2,643,267

1. The amounts under the Change-in-Control column would be paid to Messrs. Petelle and Wagner on a semi-monthly basis for a period of one year, pursuant to their respective change-in-control severance agreements. The amounts under the Disability column represent the lump-sum present value of bi-weekly payments which Messrs. Petelle and Wagner would be entitled to receive, pursuant to our disability insurance program, until their normal retirement age as defined by the Social Security Act, in the event of disability on October 2, 2009.

Table of Contents

2. These amounts would be paid to Messrs. Petelle and Wagner in a lump sum in the event of a termination following a change in control, pursuant to their change-in-control severance agreements.

3. These amounts represent the difference between the market value of Insteel stock on October 2, 2009 and the option strike prices for unvested options that would vest (i) pursuant to the terms of the option grant agreements in the event of retirement, death or disability; and (ii) pursuant to the terms of the change-in-control severance agreement in the event of termination following a change in control.

4. These amounts represent the market value of restricted shares and RSUs on October 2, 2009 on which restrictions would lapse (i) pursuant to the terms of the

restricted stock or
RSU agreements in
the event of
retirement, death or
disability; and
(ii) pursuant to the
terms of the
change-in-control
severance
agreement in the
event of
termination
following a change
in control.

5. These amounts
represent
premiums for
medical and dental
insurance which
would be paid by
us for 12 months
following
termination after a
change in control.

6. The amounts under
the
Change-in-Control
column represent
the lump-sum
present value of the
accumulated
benefit on
October 2, 2009 of
the SRP and would
be payable to
Messrs. Petelle and
Wagner in a lump
sum under their
change-in-control
severance
agreements in the
event of a
termination
following a change
in control. The
amounts under the
Death and
Disability columns
represent the

estimated lump-sum present value of bi-weekly payments which Messrs. Petelle and Wagner (or their heirs) would have been entitled to receive for a 10-year period pursuant to the SRP in the event of death or disability on October 2, 2009.

7. These amounts would be payable to the heirs of Messrs. Petelle and Wagner in the event of their death, pursuant to our death benefit program.

DIRECTOR COMPENSATION

Mr. Woltz III, our CEO, receives no additional compensation for serving on our board of directors. In January 2007, we increased the quarterly cash retainer we pay to non-employee directors from \$7,500 to \$10,000, and increased the additional quarterly cash retainer for committee chairmen from \$750 to \$1,250. Prior to fiscal 2009, we made an annual grant of restricted stock, with a one-year vesting period, to our non-employee directors on the date of our annual shareholders meeting. In fiscal 2009 we began granting RSUs instead of restricted stock to our non-employee directors on the date of our annual shareholders meeting. The fair value of the annual grant is currently established at \$40,000, with the number of shares determined based on our closing price reported on NASDAQ on the date of our annual meeting. We do not pay additional meeting fees to directors for attendance at board and committee meetings.

The following table shows the compensation we provided to our non-employee directors during fiscal 2009.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)¹	All Other Compensation (\$)²	Total (\$)
Louis E. Hannen	40,000	40,000	636	80,636
Charles B. Newsome	40,000	40,000	636	80,636
Gary L. Pechota	40,000	40,000	636	80,636
W. Allen Rogers II	45,000	40,000	636	85,636
William J. Shields	45,000	40,000	636	85,636

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C. Richard Vaughn	40,000	40,000	636	80,636
Howard O. Woltz, Jr.	45,000	40,000	636	85,636

Table of Contents

¹. This amount reflects the dollar amount recognized for financial statement reporting purposes for fiscal 2009, in accordance with ASC Topic 718, disregarding estimated forfeitures. The amounts therefore reflect the accounting expense of awards granted in and prior to each such fiscal year, and do not reflect the actual value, if any, that may be received by our non-employee directors for their awards. Assumptions used in the calculation of this amount for fiscal 2009 are set forth in Note 6 of our consolidated financial statements as reported in our Annual Report on Form 10-K for the year ended October 3, 2009 filed with the SEC. The fair value of 5,298 RSUs issued to each non-employee director on February 10, 2009 was \$40,000 on that date. RSUs granted to non-employee directors vest one year after the date of grant. In addition, on October 3, 2009 each non-employee director had the following number of options, all of which are vested: 11,200 for Mr. Hannen; 26,400 for Mr. Newsome; 11,200 for Mr. Pechota; 26,400 for Mr. Rogers; 0 for Mr. Shields; 0 for Mr. Vaughn; and 0 for Mr. Woltz, Jr. We have not granted stock options to non-employee directors since July 2004.

². This amount reflects dividends paid in cash on RSUs held by our non-employee directors.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Executive Compensation Committee includes Messrs. Vaughn, Newsome and Shields, none of whom have ever served as officers or employees of us or any of our subsidiaries. Mr. Newsome is Executive Vice President and General Manager of Johnson Concrete Company. During fiscal 2009, Johnson Concrete Company purchased materials from us valued at \$585,000 for use or resale in their normal course of business. None of our executive officers served during fiscal 2009 as a member of the board of directors or compensation committee, or other committee serving an equivalent function, of any entity that has an executive officer who serves on our Board or Executive Compensation Committee.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee consists of three independent directors, all of whom are non-employee directors (as defined by Rule 16b-3 of the Securities Exchange Act of 1934) and independent directors (as defined by applicable NASDAQ rules). The Committee operates under a written charter adopted by our Board of Directors that is available on our website at <http://investor.insteel.com/documents.cfm>.

Management is responsible for the Company's internal controls and the financial reporting process. The independent registered public accounting firm is responsible for performing an independent audit of the Company's consolidated financial statements in accordance with generally accepted auditing standards and issuing a report thereon. The Committee's responsibility is to monitor and oversee these processes.

In this context, the Committee has reviewed the audited consolidated financial statements for the fiscal year ended October 3, 2009 and has met and held discussions with respect to such audited consolidated financial statements with management and Grant Thornton LLP, the Company's independent registered public accounting firm. Management represented to the Committee that the Company's consolidated financial statements were prepared in accordance with generally accepted accounting principles. The Committee and Grant Thornton LLP have discussed those matters that are required to be discussed by Statement on Auditing Standards No. 61, as amended (Communication with Audit Committees), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

Grant Thornton LLP also provided to the Committee the written disclosures and the letter required by applicable provisions approved by the Public Company Accounting Oversight Board regarding Grant Thornton LLP's communications with the Committee concerning independence, and the Committee has discussed with Grant Thornton LLP the independence of Grant Thornton LLP.

Table of Contents

Based on the Committee's review of the audited consolidated financial statements, discussions with management and Grant Thornton LLP, and the Committee's review of the representations of management and the written disclosures and report of Grant Thornton LLP, the Committee recommends that the Board include the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended October 3, 2009 for filing with the SEC.

AUDIT COMMITTEE

W. Allen Rogers II (Chairman)
Louis E. Hannen
Gary L. Pechota

The foregoing Report of the Audit Committee shall not be deemed to be soliciting material and shall not be incorporated by reference into any of our prior or future filings with the SEC, irrespective of any general statement included in any such filing that incorporates this proxy statement by reference, unless such filing explicitly incorporates this Report of the Audit Committee.

Table of Contents**SECURITY OWNERSHIP**

The following table shows the number of shares of our common stock, beneficially owned on October 3, 2009 (our fiscal year end) by each of our directors, each of our executive officers, and by all such directors and executive officers as a group. The table also shows the number of shares of restricted stock and RSUs held by each individual and the number of shares of our common stock that each individual had the right to acquire by exercise of stock options within 60 days after our fiscal year end. Beneficial ownership is determined in accordance with the rules of the SEC. Except as indicated in the footnotes to this table and under applicable community property laws, each shareholder named in the table has sole voting and dispositive power with respect to the shares set forth opposite the shareholder's name. The address of all listed shareholders is c/o Insteel Industries, Inc., 1373 Boggs Drive, Mount Airy, North Carolina 27030.

Directors and Executive Officers	Shares of Common Stock	Shares of Restricted Stock	RSUs ¹	Options Exercisable Within 60 days	Total	%
Louis E. Hannen	55,878	-0-	5,298	11,200	67,078	*
Charles B. Newsome	36,152	-0-	5,298	26,400	62,552	*
Gary L. Pechota	25,638	-0-	5,298	11,200	36,838	*
W. Allen Rogers II	38,544	-0-	5,298	26,400	64,944	*
William J. Shields	18,940	-0-	5,298	-0-	18,940	*
C. Richard Vaughn	3,587	-0-	5,298	-0-	3,587	*
Howard O. Woltz, Jr.	467,167 ²	-0-	5,298	-0-	467,167	2.6
H. O. Woltz III	464,356 ³	38,635	32,799	77,303	580,294	3.3
Michael C. Gazmarian	116,039	17,708	15,033	30,518	164,265	*
James F. Petelle	500	8,785	6,013	5,948	15,233	*
Richard T. Wagner	8,702	17,708	15,033	30,518	56,928	*
All Directors and Executive Officers as a Group (11 Persons)	1,235,503	82,836		219,487	1,537,826	8.7

1. The economic terms of RSUs are substantially similar to shares of restricted

stock. However, because shares of restricted stock carry voting rights while RSUs do not, pursuant to SEC rules the shares of restricted stock are included in the Total column, while RSUs are not.

2. Includes 38,278 shares held by a trust for the benefit of Mr. Woltz, Jr.
3. Includes 60,029 shares held in custodial accounts for children of Mr. Woltz III.

* Less than 1%

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our directors, officers and greater than ten percent owners to report their beneficial ownership of our common stock and any changes in that ownership to the SEC, on forms prescribed by the SEC. Specific dates for such reporting have been established by the SEC and we are required to report in our proxy statement any failure to file such report by the established dates during the last fiscal year. Based solely upon a review of the copies of such forms furnished to us for the year ended October 3, 2009, and information provided to us by our directors, officers and ten percent shareholders, we believe that all forms required to be filed pursuant to Section 16(a) were filed on a timely basis.

Table of Contents

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Charles B. Newsome, a director, is Executive Vice President and General Manager of Johnson Concrete Company. During fiscal 2009, Johnson Concrete purchased from us in a series of separate transactions, materials valued at \$585,000 in the aggregate for use or resale in their normal course of business. The aggregate amount of these purchases was substantially less than 5% of the revenues of Johnson Concrete Company and of Insteel.

Management believes that amounts paid to us in connection with the transactions described above are reasonable and no less favorable to us than would have been paid to us pursuant to arms length transactions with unaffiliated parties. Our Audit Committee reviewed these transactions with our Board of Directors and with our independent registered public accounting firm. The Committee also reviewed with the Board the director independence standards required by the SEC and NASDAQ. Following this review, the Board determined that Mr. Newsome would continue to qualify as an independent director.

Our general policy is to avoid transactions with related persons, as that term is described below. Nevertheless, we recognize that there are situations where transactions with related persons might be in our best interests, and therefore in the best interests of our shareholders. These situations could include (but are not limited to) situations where we might obtain products or services of a nature, quantity or quality, or on other terms, that are not readily available from alternative sources or when we provide products or services to related persons on an arms length basis on terms comparable to those provided to unrelated third parties or on terms comparable to those provided to employees generally.

To help ensure timely identification, review and consideration of any such transactions, the Board maintains a written policy regarding transactions that involve Insteel and any related persons, which generally are our executive officers, director or director nominees, five percent or greater shareholders or their affiliates, and the immediate family members of any such executive officer, director, director nominee, or five percent shareholder. Generally, any current or proposed financial transaction, arrangement or relationship in which a related person had or will have a direct or indirect material interest, in an amount exceeding \$120,000 and in which we are or will be a participant, requires the approval of the Audit Committee or a majority of the disinterested members of the Board. The Audit Committee, pursuant to authority delegated to it by the Board, will analyze and consider any such transaction in accordance with this written policy in order to determine whether the terms and conditions of the transaction are substantially the same as, or more favorable to Insteel than, transactions that would be available from unaffiliated parties.

Our corporate secretary is responsible for identifying and presenting each potential related person transaction to the Audit Committee based on information that the secretary obtains during the process of reviewing annual questionnaires completed by directors and executive officers, as well as on other information that comes to his attention. In conducting its review of any proposed related person transaction, the Audit Committee will consider all of the relevant facts and circumstances available to the Audit Committee, including but not limited to (i) the benefits to Insteel; (ii) the impact on a director's independence in the event the related person is a director, an immediate family member of a director or an entity in which a director is a partner, shareholder or executive officer; (iii) the availability of other sources for comparable products or services; (iv) the terms of the proposed related person transaction; and (v) the terms available to unrelated third parties or to employees generally in an arms-length negotiation. No member of the Audit Committee will participate in any review, consideration or approval of any related person transaction with respect to which such member or any of his or her immediate family members is the related person.

Following the end of our fiscal year and prior to the Board's determination of each director's independence, the Audit Committee will review any related person transactions that have been previously

Table of Contents

ratified by the Audit Committee. Based on all relevant facts and circumstances, the Audit Committee will determine if it is in the best interests of us and our shareholders to continue, modify or terminate any ongoing related person transactions. With respect to related person transactions that involve a director, the immediate family member of a director, or an entity in which a director is a partner, shareholder or executive officer, the Audit Committee will discuss with the Board whether any such related person transaction affects the independence of the director.

OTHER BUSINESS

It is not anticipated that there will be any business presented at the Annual Meeting other than the matters set forth in the Notice of Annual Meeting attached hereto. As of the date of this proxy statement, we were not aware of any other matters to be acted on at the Annual Meeting. If any other business should properly come before the Annual Meeting or any adjournment thereof, the persons named on the enclosed proxy will have discretionary authority to vote such proxy in accordance with their best judgment.

The Board hopes that shareholders will attend the Meeting. Whether or not you plan to attend, you are urged to sign, date and complete the enclosed proxy card and return it in the accompanying envelope. A prompt response will greatly facilitate arrangements for the Meeting, and your cooperation will be appreciated. Shareholders who attend the meeting may vote their Shares even though they have sent in their proxies, although shareholders who hold their shares in street name need to obtain a proxy from the brokerage firm or other nominee that holds their shares.

SHAREHOLDER PROPOSALS FOR THE 2011 ANNUAL MEETING

Proposals for Inclusion in the Proxy Statement

Any shareholder desiring to present a proposal to be included in the proxy statement for action at our 2011 Annual Meeting must deliver the proposal to us at our principal executive offices no later than September 7, 2010. In addition, such proposals must comply with the requirements of Rule 14a-8 under the Exchange Act.

Under our bylaws, a shareholder may not bring other business before a shareholder meeting which is not intended to be included in the proxy materials for our 2011 Annual Meeting, unless the shareholder's timely, accurate and complete notice has been delivered to, or mailed to and received by, our Secretary at our principal offices not later than October 7, 2010,

Such notice must include, in addition to any requirements imposed by applicable law:

a brief description of the business desired to be brought before the meeting and the reasons for bringing such business before the meeting;

the name and address, as they appear on our books, of each holder of voting securities proposing such business and each Shareholder Associated Person (as defined below);

the class and number of shares of our common stock or other securities that are owned of record or beneficially by such holder and by each Shareholder Associated Person;

any material interest of such shareholder and each Shareholder Associated Person in such business other than such person's interest as a shareholder of the Company (including any anticipated benefit to the shareholder or Shareholder Associated Person therefrom);

Table of Contents

to the extent known by the shareholder giving the notice, the name and address of any other shareholder supporting the proposal on the date of such shareholder's notice; and

a description of any hedging or other transactions entered into by the shareholder giving the notice or any Shareholder Associated Person if the effect of such transactions is to mitigate loss or manage risk of stock price changes, or to increase the voting power of such shareholder or Shareholder Associated Person.

Shareholder Associated Person of any shareholder means (i) any person controlling, directly or indirectly, or acting in concert with, such shareholder, (ii) any beneficial owner of shares of stock of the Company owned of record or beneficially by such shareholder, and (iii) any person controlling, controlled by or under common control with such Shareholder Associated Person.

These requirements are separate from the requirements a shareholder must meet to have a proposal included in our proxy statement. If a shareholder fails to provide timely, accurate, complete and proper notice of a proposal to be presented at the 2011 Annual Meeting, the proxies designated by our Board will have discretionary authority to vote on any such proposal. If the presiding officer at any meeting of shareholders determines that a shareholder proposal was not made in accordance with the bylaws, we may disregard such proposal. Additionally, any information submitted by shareholders pursuant to our bylaws shall be updated upon written request of the Secretary of the Company, and information which is inaccurate to a material extent or not timely updated may be deemed not to have been provided in accordance with the bylaws.

Proposals for a Director Nominee and Related Procedures

Under our bylaws, in order for a shareholder to nominate a candidate for director, timely, accurate and complete notice must be delivered to, or mailed to and received by, our Secretary at our principal corporate offices not later than October 7, 2010.

The shareholder filing the notice of nomination must include:

the information set forth in Proposals for Inclusion in the Proxy Statement;

the name and address of the person or persons nominated by such shareholder;

a representation that such shareholder intends to appear in person or by proxy at such meeting to nominate the person or persons specified in the notice;

a description of all arrangements or understandings between such shareholder (and any Shareholder Associated Person) and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by such shareholder;

any other information relating to such person that is required to be disclosed in solicitations of proxies for election of directors or is otherwise required by the rules and regulations of the SEC promulgated under the Exchange Act; and

the written consent of such person to be nominated and to serve as a director if elected.

Table of Contents

Delivery of Notice of a Proposal

In each case discussed above, the required notice must be given by personal delivery or by United States certified mail, postage prepaid, to our Secretary, whose address is c/o Insteel Industries, Inc., 1373 Boggs Drive, Mount Airy, North Carolina 27030.

The Company's Bylaws

The foregoing procedures are set forth in our bylaws, as last amended April 21, 2009. Any shareholder desiring a copy of our bylaws will be furnished one without charge upon written request to our Secretary. A copy of the bylaws is filed as an exhibit to our Form 8-K filed with the SEC on April 27, 2009, and is available at the SEC's Internet website (www.sec.gov) and our website at <http://investor.insteel.com/documents.cfm>.

EXPENSES OF SOLICITATION

We will bear the costs of solicitation of proxies. In addition to the use of the telephone, internet or mail, proxies may be solicited by personal interview, telephone and telegram by our directors, officers and employees and no additional compensation will be paid to such individuals. Arrangements may also be made with the stock transfer agent and with brokerage houses and other custodians, nominees and fiduciaries that are record holders of Shares for the forwarding of solicitation material to the beneficial owners of Shares. We will, upon the request of any such entity, pay such entity's reasonable expenses for completing the mailing of such material to such beneficial owners.

ANNUAL REPORT AND FINANCIAL STATEMENTS

Our Annual Report to Shareholders for the fiscal year ended October 3, 2009, which contains financial statements and other information, is being mailed to shareholders with this proxy statement, but it is not to be regarded as proxy soliciting material.

A copy of our Annual Report on Form 10-K filed with the SEC may be obtained, without charge, by any shareholder upon written request to Michael C. Gazmarian, Vice President, Chief Financial Officer and Treasurer, Insteel Industries, Inc., 1373 Boggs Drive, Mount Airy, North Carolina 27030; provided however, that a copy of the exhibits to such Annual Report on Form 10-K, for which there may be a reasonable charge, will not be supplied to such shareholder unless specifically requested.

Directions to the Annual Meeting may also be obtained by writing to Mr. Gazmarian at the address shown above, or by calling our Investor Relations Department at (336) 786-2141.

By Order of the Board of Directors

James F. Petelle, Secretary

Mount Airy, North Carolina
January 5, 2010

Table of Contents

**ANNUAL MEETING OF SHAREHOLDERS OF
INSTEEL INDUSTRIES, INC.**

February 9, 2010

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS
FOR THE SHAREHOLDER MEETING TO BE HELD ON FEBRUARY 9, 2010:**

The Notice of Annual Meeting, Proxy Statement, Form of Proxy and 2009 Annual Report to Shareholders are available on our corporate website at <http://investor.insteel.com/annuals.cfm>

Please sign, date and mail
your proxy card in the
envelope provided as soon
as possible.

Please detach along perforated line and mail in the envelope provided.

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**PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK
YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x**

		FOR	AGAINST	ABSTAIN
<p>1. Election of the three Directors named in the accompanying proxy statement.</p>	<p>2. Approval of an amendment of the restated charter of Insteel Industries, Inc. to increase the shares of authorized common stock.</p>	c	c	c
<p>c FOR ALL NOMINEES</p> <p>c WITHHOLD AUTHORITY FOR ALL NOMINEES</p>	<p>NOMINEES: O Louis E. Hannen O C. Richard Vaughn O Howard O. Woltz, Jr.</p>	c	c	c
<p>c FOR ALL EXCEPT (See instructions below)</p>	<p>3. Ratification of appointment of Grant Thornton LLP as independent registered public accounting firm for our Fiscal Year 2010.</p>	c	c	c

INSTRUCTIONS

To withhold authority for any individual nominee(s), mark **FOR ALL EXCEPT** and fill **in the circle next to each Nominee you wish to withhold**, as shown here: n

Whether or not you plan to attend the Annual Meeting, you are urged to complete, date and sign this proxy and return it in the accompanying envelope. A vote FOR all director nominees, and FOR each of the other proposals described herein, is recommended by the Board of

If you wish to vote FOR ALL NOMINEES , Directors.
simply put an "X" in that box.

The undersigned understands that the shares of common stock represented by this proxy will be voted as specified and If no choice is specified, the proxy will be voted FOR the election of all nominees for director, and FOR each of the other proposals described herein. If any other business Is properly presented at the Annual Meeting or any adjournment thereof, this proxy will be voted in the discretion of the agents and proxies appointed herein.

MARK X , HERE IF YOU PLAN TO ATTEND THE MEETING. c

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note c that changes to the registered name(s) on the account may not be submitted via this method.

Signature of
Shareholder

Date:

Signature of
Shareholder

Date:

Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

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Table of Contents

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PROXY
INSTEEL INDUSTRIES, INC.
1373 Boggs Drive - Mount Airy, North Carolina 27030
PROXY FOR ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON
February 9, 2010

This Proxy is being solicited on behalf of the Board of Directors of the Company.

The undersigned, having received notice of the Annual Meeting of Shareholders and the proxy statement therefor, and revoking all prior proxies, hereby appoint(s) H. O. Woltz III and James F. Petelle, and each of them, with full power to act alone, as agents and proxies of the undersigned (with full power of substitution in them and each of them) for and in the name(s) of the undersigned to attend the Annual Meeting of Shareholders of **Insteel Industries, Inc.** (the Company) to be held at the Cross Creek Country Club, 1129 Greenhill Road, Mount Airy, North Carolina 27030, on Tuesday, February 9, 2010, at 9:00 a.m. local time, and any adjournments thereof, and to vote and act upon the following matters proposed by the Company in respect of all shares of common stock of the Company which the undersigned is entitled to vote or act upon, with all the powers the undersigned would possess if personally present. In their discretion, the proxy holders are authorized to vote upon such other matters as may properly come before the meeting or any adjournments thereof. The shares represented by this proxy, if duly executed, will be voted as directed by the undersigned. **If no direction is given with respect to any proposal, this proxy will be voted as recommended by the Board of Directors.** Attendance of the undersigned at the meeting or at any adjournment thereof will not be deemed to revoke this proxy unless the undersigned shall revoke this proxy by properly voting at the annual meeting or otherwise delivering a later-dated proxy.

(Continued and to be signed on the reverse side.)

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