



Board Governance Guidelines

These Board Governance Guidelines, adopted by the Board of Directors of Insteel Industries, Inc., together with the Company's certificate of incorporation, bylaws and Board committee charters, form the framework for governance by the Board.

Role of the Board and Management

The Board of Directors is elected by and responsible to the shareholders of the Company. The Company's business is conducted by its employees, managers and officers, under the direction of the chief executive officer (the "CEO") and the oversight of the Board, to enhance the long-term value of the Company for its shareholders. The Board of Directors monitors the performance of the CEO to assure that the long-term interests of the shareholders are being served. The position of Chairman of the Board may be combined with the position of CEO at the discretion of the Board.

Board and Shareholder Meetings

1. **Meetings and Attendance.** The Board will meet as frequently as required to review and discuss reports by management on the performance of the Company, its plans and prospects, as well as immediate issues facing the Company. Directors are expected to participate in board meetings, review relevant materials, serve on Board committees and adequately prepare for meetings and discussions with management. Directors are expected to attend all meetings, including the annual meeting of shareholders.
2. **Meeting Materials.** The Company will provide directors preparatory materials in advance of a meeting as appropriate and directors are expected to review such materials in advance of the meeting.
3. **Agenda.** The Chairman will establish an agenda for each Board meeting. Each Board member is free to suggest the inclusion of items on the agenda. Each Board member is free to raise, at any Board meeting, subjects that are not on the agenda for that meeting. The Board will review the Company's performance, corporate strategy and leadership on a regular basis.
4. **Executive Session.** The non-employee directors will meet periodically in executive session, including before each regularly-scheduled meeting. Executive sessions will include only independent directors, and the Lead Director will preside at these meetings.
5. **Meeting Participation.** With the permission of the Chairman of the Board, or of the Lead Director in the case of an executive session, directors may participate in a meeting being held in-person by a secure teleconference call or similar means. The Chairman, or the Lead Director in the case of an executive session, may set up the meeting so that all participants participate by teleconference or similar means.
6. **Use of Advisors.** The Board and each committee have the power to hire, at the expense of the Company, independent legal, financial, compensation or other advisors as they may deem necessary. Generally, such independent advisors would be obtained with the knowledge of the CEO.

Board Committees

1. **Standing Committees.** The Board currently has an Executive Committee, an Audit Committee, an Executive Compensation Committee and a Nominating and Governance Committee. All of the members of the Audit, Executive Compensation and Nominating and Governance committees will be independent directors under the criteria established by NASDAQ. In addition, all of the members of the Audit Committee will meet the independence standards established by Section 301 of the Sarbanes-Oxley Act of 2002.
2. **Other Committees.** The Board may establish additional standing, ad hoc and temporary committees as appropriate. The Nominating and Governance Committee annually proposes to the Board a slate of chairs and members of all committees.
3. **Committee Charters.** The Audit, Executive Compensation and Nominating and Governance committees will each have its own charter, which shall be approved by the Board. The charters will set forth the purposes and responsibilities of the committees, the obligation to report to the Board, and if relevant, specific membership requirements. Each standing committee will review its charter annually.
4. **Committee Meetings.** The committee chairs determine the frequency of meetings consistent with the charters of their

respective committees and set meeting times and develop committee agendas. Each committee reports on its actions and discussions to the Board as soon as practicable.

Director Qualifications

1. Selection. The Nominating and Governance Committee is responsible for recommending to the Board (i) persons to be nominated by the Board for election at the Company's Annual Meeting of Shareholders, and (ii) nominees for Board membership to fill vacated or newly created positions on the Board. The Board as a whole is responsible for selecting such nominees, and the invitation to join the Board shall be extended by the Board via the Chairman.
2. Number of Directors. The Company's bylaws currently specify that the number of directors shall be not less than seven nor more than 12. The Governance and Nominating Committee shall consider and make recommendations to the Board from time to time concerning the number of directors.
3. Independence. The Board will have a majority of directors who will meet the criteria for independence required by NASDAQ and any other applicable regulatory requirement.
4. Board Composition. In selecting directors, the Board will review and consider many factors, including experience, integrity, leadership, diversity, ability to exercise sound judgment, existing time commitments and independence. The Board believes it is appropriate to include one or more members of management on the Board.
5. Joining Other Boards. Directors should advise the Chairman of the Board and the Chairman of the Nominating and Governance Committee in advance of accepting an invitation to serve on another public-company board. The Board's current policy is that a director shall not have more than three public-company directorships (including Insteel).
6. Director Resignations. The Nominating and Governance Committee will establish circumstances in which a director should submit his or her resignation. When a resignation is tendered because of the occurrence of such circumstances, the Nominating and Governance Committee will recommend to the Board whether or not such resignation should be accepted.

Board Assessment Process

The Nominating and Governance Committee is primarily responsible to facilitate an annual Board self-assessment process. At a minimum, the assessment will address the overall effectiveness of the Board, its discharge of responsibilities, structure, meetings, processes and relationships with management.

Director Access to Management

1. General Access. Directors shall have full and complete access to the executive officers of the Company. Directors may arrange for access to other employees of the Company through the CEO. All parties will attempt to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent appropriate, copy the CEO on any written communications between a director and an officer or employee.
2. Board and Committee Meetings. Either at the request of the Board or as recommended by the Chairman, senior management and other employees may make presentations to, or be included in, discussions at Board and committee meetings.

Communications to the Board

All communications to the Board of Directors, Lead Director, the non-management directors or any individual director, must be in writing and addressed to them c/o Secretary, Insteel Industries, Inc., 1373 Boggs Drive, Mount Airy, NC 27030 or by e-mail to secretary@insteel.com.

Director Compensation

1. Non-Employee Directors. Non-employee directors and committee chairs shall receive reasonable compensation for their

services to be determined by the Board upon recommendation of the Executive Compensation Committee. Other than the pre-approved retainers for non-employee directors and committee chairs, the Company does not normally provide additional compensation, such as compensation for consulting services, to a non-employee director. The amount of compensation for non-employee directors and committee chairs will generally be consistent with market practices of comparable companies.

2. Employee Directors. Directors who are employees receive no additional pay for serving as directors.

Evolving Guidelines

The Board recognizes its operations and these guidelines to be an evolving process and therefore subject to periodic review and revision. The Board, with the assistance of the Nominating and Governance Committee, shall periodically review these Board Governance Guidelines to determine whether any changes are appropriate. These guidelines are not intended to cover all issues which may arise, but rather to provide a general frame of reference to assist the Board in the performance of its duties.