



Audit Committee Pre-Approval Policy

Insteel Industries, Inc.(Insteel) and its Audit Committee are committed to ensuring the independence of the Auditor. The following policy and guidelines have been adopted in this regard.

The Audit Committee will engage the Auditor for the audit of Insteel's consolidated financial statements and other audit-related work as defined in this policy. The Auditor may only be engaged for tax and other non-audit related work if those services enhance and support the attest function of the audit or are an extension to the audit or audit related services.

Audit Services

The Auditor shall determine the scope and the timing of work necessary to render an opinion on the consolidated financial statements of Insteel. The scope of work will be documented in an Annual Audit Plan or Annual Engagement Letter that the Auditor will present to the Audit Committee for approval.

Audit Services includes all services, including tax services and accounting consultation necessary to perform an audit of the consolidated financial statement of Insteel, services in connection with statutory and regulatory filings or engagements, comfort letters, statutory audits, consents and assistance with the review of documents filed with the Securities and Exchange Commission.

Audit Related Services

The Auditor may provide Audit Related Services that, while outside the scope of the statutory audit, are consistent with the role of auditor. Audit Related Services may include such activities as employee benefit plan audits, due diligence related to mergers and acquisitions, accounting consultations and audits in connection with acquisitions, internal control reviews, and consultation concerning financial accounting and reporting standards.

Non-Audit Related Services

The Audit Committee and Insteel believe that other Non-Audit Related Services may raise a real or perceived question as to the Auditor's independence and should be avoided as much as possible.

Prohibited Non-Audit Related Services

The following services are specifically prohibited from being performed by Auditor: bookkeeping or other services related to the accounting records or financial statements of the audit client, financial information systems design and implementation, appraisal or valuation services, fairness opinions, actuarial services, internal audit outsourcing services, management functions, human resources, legal services, expert services unrelated to the audit and broker-dealer, investment advisor or investment banking services.

Partner Rotation

The Audit Partner and reviewing partner are permitted to serve a maximum of five consecutive years and then must take five years off the engagement before resuming an audit partner role. All other audit engagement partners who provide more than 10 hours of audit or review services are permitted to serve a maximum of seven consecutive years and then must take two years off the engagement before resuming an audit partner role.

Hiring of Auditors

Insteel shall not hire an audit engagement team member in a financial reporting oversight role where that person has prepared financial statements or exercised influence over the financial statements during the two year period prior to the date of employment.

Approval

The Audit Committee is responsible for pre-approving all Audit, Audit Related, Tax and Non-Audit Related Services to be

performed by the Auditor. The Board of Directors has authorized the Audit Committee Chair to pre-approve any Audit Related, Tax or Non-Audit Related Services that are to be performed by Auditor 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.

Adopted by the Board of Directors of Insteel Industries, Inc. on the 11th day of August, 2003.