

DIXIE GROUP INC
Form 4
August 24, 2006

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

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 *
DAVIS W DEREK

(Last) (First) (Middle)

2208 SOUTH HAMILTON STREET

(Street)

DALTON, 2Q 30721

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
DIXIE GROUP INC [DXYN]

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

08/22/2006

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

VP - Human Resources

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 Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| | | | Code | V | Amount (A) or (D) Price | | |
| Common Stock, \$3 par value | 08/22/2006 | | M | | 600 A \$ 6.96 | 18,662 (1) | D |
| Common Stock, \$3 par value | 08/22/2006 | | M | | 5,000 A \$ 4.78 | 23,662 (1) | D |
| Common Stock, \$3 par value | 08/22/2006 | | S | | 2,800 D \$ 14 | 20,862 (1) | D |
| Common Stock, \$3 | 08/22/2006 | | S | | 1,800 D \$ 14.0133 | 19,062 (1) | D |

Edgar Filing: DIXIE GROUP INC - Form 4

| | | | | | | | |
|-----------------------------|------------|---|-------|---|------------|-----------------------|---|
| Common Stock, \$3 par value | 08/22/2006 | S | 1,000 | D | \$ 14.0275 | 18,062 ⁽¹⁾ | D |
| Common Stock, \$3 par value | 08/23/2006 | M | 1,024 | A | \$ 6.96 | 19,086 ⁽¹⁾ | D |
| Common Stock, \$3 par value | 08/23/2006 | S | 1,024 | D | \$ 14 | 18,062 ⁽¹⁾ | D |
| Common Stock, \$3 par value | 08/23/2006 | M | 600 | A | \$ 6.96 | 18,662 ⁽¹⁾ | D |
| Common Stock, \$3 par value | 08/23/2006 | S | 600 | D | \$ 14 | 18,062 ⁽¹⁾ | 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)

| 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) | Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|
| Employee Stock Option | \$ 6.96 | 08/22/2006 | | M | 600 | 01/01/2003 05/02/2012 | Common Stock | 600 |
| Employee Stock Option | \$ 4.78 | 08/22/2006 | | M | 2,500 | 08/13/2005 08/13/2012 | Common Stock | 2,500 |
| Employee Stock | \$ 4.78 | 08/22/2006 | | M | 2,500 | 08/13/2006 08/13/2012 | Common Stock | 2,500 |

| | | | | | | | | | | |
|----------|---------|------------|--|---|-------|------------|------------|--------|--|-------|
| Option | | | | | | | | | | |
| Employee | | | | | | | | | | |
| Stock | \$ 6.96 | 08/23/2006 | | M | 1,624 | 01/01/2003 | 05/02/2012 | Common | | 1,024 |
| Option | | | | | | | | Stock | | |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|----------------------|-------|
| | Director | 10% Owner | Officer | Other |
| DAVIS W DEREK 2208 SOUTH HAMILTON STREET DALTON, 2Q 30721 | | | VP - Human Resources | |

Signatures

| | |
|--|------------|
| s/ JOHN F. HENRY, JR. by power of attorney for W. Derek Davis | 08/24/2006 |
|--|------------|

__Signature of Reporting Person

Date

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).

(1) (1) Includes 3,281 shares allocated to the Reporting Person's account under the Issuer's 401(K) plan.

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.