

DIXIE GROUP INC

Form 4

March 13, 2007

**FORM 4**
**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

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

## OMB APPROVAL

OMB  
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response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**DEMPSEY KENNETH L**

(Last) (First) (Middle)

716 BILL MYLES DR

(Street)

SARALAND, AL 36571

(City) (State) (Zip)

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

3. Date of Earliest Transaction  
(Month/Day/Year)  
03/09/2007

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

5. Relationship of Reporting Person(s) to  
Issuer

(Check all applicable)

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

VP & Pres., Masland Contract

6. Individual or Joint/Group Filing(Check  
Applicable Line)  
\_\_\_\_X\_\_\_\_ 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<br>Security<br>(Instr. 3) | 2. Transaction Date<br>(Month/Day/Year) | 2A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 3. Transaction<br>Code<br>(Instr. 8) | 4. Securities Acquired (A)<br>or Disposed of (D)<br>(Instr. 3, 4 and 5) | 5. Amount of<br>Securities<br>Beneficially<br>Owned<br>Following<br>Reported<br>Transaction(s)<br>(Instr. 3 and 4) | 6. Ownership<br>Form:<br>Direct (D)<br>or Indirect<br>(I)<br>(Instr. 4) | 7. Nature of<br>Indirect<br>Beneficial<br>Ownership<br>(Instr. 4) |
|---------------------------------------|-----------------------------------------|-------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------|
| Common<br>Stock, \$3<br>par value     | 03/09/2007                              |                                                             | M                                    | 7,500 A                                                                 | \$ 4.78 25,306 <sup>(1)</sup>                                                                                      | D                                                                       |                                                                   |
| Common<br>Stock, \$3<br>par value     | 03/09/2007                              |                                                             | S                                    | 3,400 D                                                                 | \$ 13.2933 21,906 <sup>(1)</sup>                                                                                   | D                                                                       |                                                                   |
| Common<br>Stock, \$3<br>par value     | 03/09/2007                              |                                                             | S                                    | 1,100 D                                                                 | \$ 13.1687 20,806 <sup>(1)</sup>                                                                                   | D                                                                       |                                                                   |
| Common<br>Stock, \$3                  | 03/09/2007                              |                                                             | S                                    | 3,000 D                                                                 | \$ 13.3442 17,806 <sup>(1)</sup>                                                                                   | D                                                                       |                                                                   |

par value

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.**

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(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 (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 Security (Instr. 3 and 4) |
|--------------------------------------------|--------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|--------------------------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------------|
|                                            |                                                        |                                      |                                                    | Code                           | V (A) (D)                                                                      | Date Exercisable Expiration Date                         | Title Amount or Number of Shares                            |
| Employee Stock Option/Right to Buy         | \$ 4.78                                                | 03/09/2007                           |                                                    | M                              | 7,500                                                                          | 08/13/2006 08/13/2012                                    | Common Stock, \$3 par value 7,500                           |

## Reporting Owners

| Reporting Owner Name / Address                               | Relationships                    |
|--------------------------------------------------------------|----------------------------------|
|                                                              | Director 10% Owner Officer Other |
| DEMPSEY KENNETH L<br>716 BILL MYLES DR<br>SARALAND, AL 36571 | VP & Pres., Masland Contract     |

## Signatures

/s/ John F. Henry, Jr., by Power of Attorney for Kenneth L. Dempsey

03/13/2007

\_\_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) Includes 3,867 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.

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