

DIXIE GROUP INC

Form 4

August 24, 2006

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
Number: 3235-0287
Expires: January 31,
2005
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(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
X Officer (give title below) ____ Other (specify
below)

VP - Human Resources

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 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)
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 \$	19,062 ⁽¹⁾	D
					14.0133		

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par value

Common Stock, \$3 par value	08/22/2006	S	1,000	D	\$ 14.0275	18,062 ⁽¹⁾	D
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Common Stock, \$3 par value	08/23/2006	M	1,024	A	\$ 6.96	19,086 ⁽¹⁾	D
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Common Stock, \$3 par value	08/23/2006	S	1,024	D	\$ 14	18,062 ⁽¹⁾	D
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Common Stock, \$3 par value	08/23/2006	M	600	A	\$ 6.96	18,662 ⁽¹⁾	D
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Common Stock, \$3 par value	08/23/2006	S	600	D	\$ 14	18,062 ⁽¹⁾	D
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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)			
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	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 Stock	1,024
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Option

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
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**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.

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