

DIXIE GROUP INC  
Form 4  
March 13, 2007

**FORM 4**

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

OMB APPROVAL

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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 \*  
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  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
VP & Pres., Masland Contract

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	03/09/2007		M		7,500 A \$ 4.78	25,306 <sup>(1)</sup>	D
Common Stock, \$3 par value	03/09/2007		S		3,400 D \$ 13.2933	21,906 <sup>(1)</sup>	D
Common Stock, \$3 par value	03/09/2007		S		1,100 D \$ 13.1687	20,806 <sup>(1)</sup>	D
Common 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.

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**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)	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 para value	7,500

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
DEMPSEY KENNETH L 716 BILL MYLES DR 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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