



T H E D I X I E G R O U P

EXHIBIT 99.1

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THE DIXIE GROUP REPORTS FIRST QUARTER RESULTS

CHATTANOOGA, Tenn. (April 29, 2004) -- The Dixie Group, Inc. (Nasdaq/NM:DXYN) today reported income from continuing operations of \$1,976,000, or \$0.16 per diluted share, for the first quarter ended March 27, 2004, compared with income from continuing operations of \$877,000, or \$0.07 per diluted share, for the first quarter of 2003. Sales for the first quarter of 2004 were \$64.4 million, up 24% from sales of \$51.9 million in the year-earlier quarter.

Commenting on the results, Daniel K. Frierson, chairman and chief executive officer, said, "The first quarter results reflect strong sales gains in all of our markets, including a 31% increase in revenue from residential carpet products. Approximately half of our total revenue growth was at Fabrica and Masland, where sales of residential carpet were up 15% and commercial carpet sales increased over 9%. Our Dixie Home brand continued to grow with sales running at an annualized rate of approximately \$29.0 million in March 2004. This growth initiative reduced our results by \$2.2 million in the first quarter of 2004, reflecting a \$700,000 improvement, compared with the preceding quarter.

"Raw material, energy, medical and other costs increased significantly during the first quarter. We believe the effect of the higher costs was more than offset by a LIFO inventory liquidation gain of approximately \$1.0 million and manufacturing efficiencies. In response to the higher costs, we, along with the rest of the industry, are increasing the selling prices of our products. We began implementing these price increases late in the first quarter, and the impact should be felt in the second quarter and subsequent periods. We are optimistic that our pricing strategy will offset the cost increases we are experiencing.

"We believe the revenue growth and improved order entry we are seeing reflect the positive response to new products at Fabrica and Masland, continued acceptance of the Dixie Home brand, and growing consumer confidence, as well as a rebound of the soft floorcovering industry from the depressed levels in the first half of 2003. Although year-over-year sales comparisons will be more difficult in the second half of the year, we remain optimistic that our revenue will grow in the range of 15% to 20% for 2004," Frierson concluded.

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Income from the disposal of discontinued operations, including the previously announced sale of a spun yarn facility in Ringgold, Georgia, was \$79,000, or \$0.01 per diluted share. Results of discontinued operations reflected a loss of \$338,000, or \$0.03 per diluted share, in the first quarter of 2004, compared with a loss of \$1,213,000, or \$0.10 per diluted share, in the first quarter of 2003. Including discontinued operations, the Company reported net income of \$1,717,000, or \$0.14 per diluted share, in the first quarter of 2004 compared with a net loss of \$336,000, or \$0.03 per diluted share, in the first quarter of 2003. The assets sold in fiscal 2004 were classified as assets held for sale on the Company's balance sheets at December 27, 2003. Financial results for the operations sold have been classified as discontinued operations for all periods presented.

In April 2004, The Dixie Group amended and restated its senior credit facility, which now provides revolving credit of up to \$40.0 million through May 11, 2007, and a \$20.0 million term-loan. The amended credit facility primarily reduced interest rates and certain administrative costs, lowered term-debt amortization requirements, and modified financial covenants in recognition of the Company's improved capital structure.

A listen-only Internet simulcast and replay of Dixie's conference call may be accessed with appropriate software at the Company's web site or at (www.fulldisclosure.com). The simulcast will begin at approximately 11:00 a.m. Eastern Time on April 29, 2004. A replay will be available approximately two hours later and will continue for approximately 30 days. If Internet access is unavailable, a listen only telephonic conference will be available by dialing 719-219-0214 at least ten minutes before the appointed time. A seven-day telephonic replay will be available two hours after the call ends by dialing 719-457-0820 and entering 704025 when prompted for the access code.

The Dixie Group (www.thedixiegroup.com) is a leading marketer and manufacturer of carpet and rugs to higher-end residential and commercial customers through the Fabrica International, Masland Carpets and Dixie Home brands.

Statements in this news release, which relate to the future, are subject to risk factors and uncertainties that could cause actual results to differ materially from those indicated in such forward-looking statements. Such factors include the levels of demand for the products produced by the Company. Other factors that could affect the Company's results include, but are not limited to, raw material and transportation costs related to petroleum prices, the cost and availability of capital, and general economic and competitive conditions related to the Company's business. Issues related to the availability and price of energy may adversely affect the Company's operations. Additional

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information regarding these and other risk factors and uncertainties may be found in the Company's filings with the Securities and Exchange Commission.

THE DIXIE GROUP, INC.

Consolidated Condensed Statements of Income

(Unaudited; in thousands, except earnings per share)

	Three Months Ended	
	March 27, 2004	March 29, 2003
NET SALES	\$ 64,404	\$ 51,885
Cost of sales	42,882	33,756
GROSS PROFIT	21,522	18,129
Selling and administrative expenses	17,586	15,232
Other (income) expense - net	(736)	(93)
Income from continuing operations before interest and taxes	4,672	2,990
Interest expense	1,494	1,575
Income from continuing operations before income taxes	3,178	1,415
Income tax provision	1,202	538
Income from continuing operations	1,976	877
Loss from discontinued operations, net of tax	(338)	(1,213)
Income on disposal of discontinued operations, net of tax	79	---
NET INCOME (LOSS)	\$ 1,717	\$ (336)
BASIC EARNINGS (LOSS) PER SHARE		
Continuing operations	\$ 0.16	\$ 0.07
Discontinued operations	(0.03)	(0.10)
Disposal of discontinued operations	0.01	---
Net income (loss)	\$ 0.14	\$ (0.03)
DILUTED EARNINGS (LOSS) PER SHARE		
Continuing operations	\$ 0.16	\$ 0.07
Discontinued operations	(0.03)	(0.10)
Disposal of discontinued operations	0.01	---
Net income (loss)	\$ 0.14	\$ (0.03)
Weighted average shares outstanding:		
Basic	11,960	11,749
Diluted	12,421	11,750

THE DIXIE GROUP, INC.

Consolidated Condensed Balance Sheets

(in thousands)

	March 27, 2004	December 27, 2003
ASSETS	(Unaudited)	
Current Assets		
Cash and cash equivalents	\$ 3,402	\$ 11,058
Accounts receivable, net	31,238	26,197
Inventories	56,525	50,772
Assets held for sale	---	5,593
Other	17,660	17,146
Total Current Assets	108,825	110,766
Net Property, Plant and Equipment	55,259	52,627
Goodwill	52,598	52,598
Investment in Affiliate	11,722	11,949
Other Assets	11,108	11,014
TOTAL ASSETS	\$ 239,512	\$ 238,954
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	\$ 42,347	\$ 47,378
Current portion of long-term debt	8,914	13,670
Total Current Liabilities	51,261	61,048
Long-Term Debt		
Senior indebtedness	29,525	22,174
Capital lease obligations	6,810	5,837
Convertible subordinated debentures	27,237	27,237
Other Liabilities	14,184	15,056
Deferred Income Taxes	11,695	11,521
Stockholders' Equity	98,800	96,081
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 239,512	\$ 238,954