

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

FORM 8-K

CURRENT REPORT
Pursuant To Section 13 OR 15(d) Of The Securities Exchange Act Of 1934

Date of Report (Date of earliest event reported): January 9, 2012



THE DIXIE GROUP, INC.
(Exact name of Registrant as specified in its charter)

Tennessee
(State or other jurisdiction of incorporation)

0-2585
(Commission File Number)

62-0183370
(I.R.S. Employer Identification No.)

104 Nowlin Lane - Suite 101, Chattanooga, Tennessee
(Address of principal executive offices)

37,421
(zip code)

(423) 510-7000
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 7.01 Regulation FD Disclosure.

The Dixie Group, Inc. will present its investor presentation on January 9, 2012.

The information attached as Exhibit 99.1 hereto supersedes the investor presentation previously furnished on Form 8-K dated November 4, 2011, and is being furnished pursuant to Item 7.01; such information, including the information excerpted below in this Item 7.01, shall not be deemed to be "filed" for any purpose.

These updated investor presentation materials may be found on the Company's website at www.thedixiegroup.com.

Item 9.01 Financial Statements and Exhibits.

- (c) Exhibits
 - (99.1) Presentation Materials, January 9, 2012.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: January 9, 2012

THE DIXIE GROUP, INC.

/s/ Jon A. Faulkner

Jon A. Faulkner

Chief Financial Officer




THE DIXIE GROUP

**January 2012
Investor
Presentation**

Forward Looking Statements

The Dixie Group, Inc.



- Statements in this presentation 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 information regarding these and other factors and uncertainties may be found in the Company's filings with the Securities and Exchange Commission.
- General information set forth in this presentation concerning market conditions, sales data and trends in the U.S. carpet and rug markets are derived from various public and, in some cases, non-public sources. Although we believe such data and information to be accurate, we have not attempted to independently verify such information.

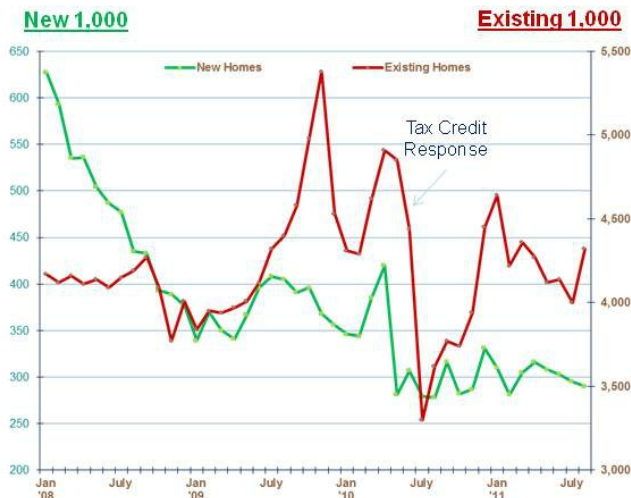


- Began operations in 1920
- Entered floorcovering in 1993 and exited textiles in 1999 – now 100% floorcovering
- Refined focus on upper-end markets in 2004
- For over 90 years we have focused on specialized products
- Traditionally we have outperformed the industry and expect to do so in the future



- Commitment to brands in the upper-end market with strong growth potential
- Diversified between Commercial and Residential markets
- Diversified customer base
 - Top 10 carpet customers
 - 18.6% of carpet sales
 - Top 20 carpet customers
 - 21.2% of carpet sales

New and Existing Home Sales Seasonally Adjusted Rate



November 2011:

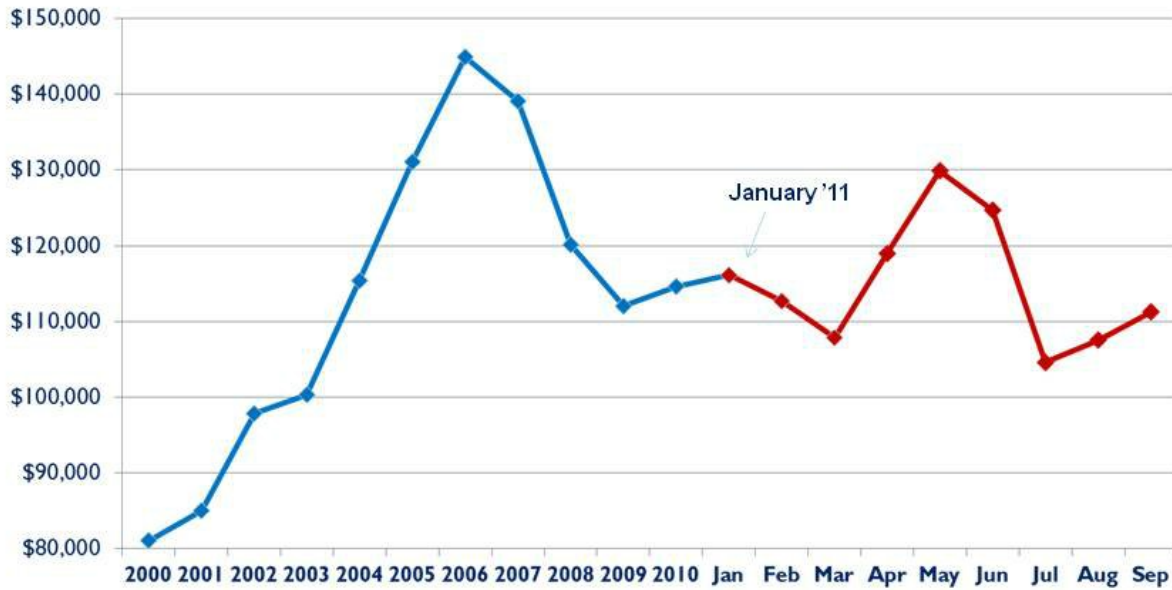
- Existing home sales up 12% from a year ago and on a steady but slow recovery.
- New home sales have been near the 300,000 rate for over a year.
- “Sales reached the highest mark in 10 months and are 34 percent above the cyclical low point in mid-2010 – a genuine sustained sales recovery appears to be developing.”
 - Lawrence Yun, Chief Economist for the National Association of Realtors.

Source: National Association of Realtors (existing) and census.gov/const/c25 (new).
Next release October 26 (new); October 20 (existing).

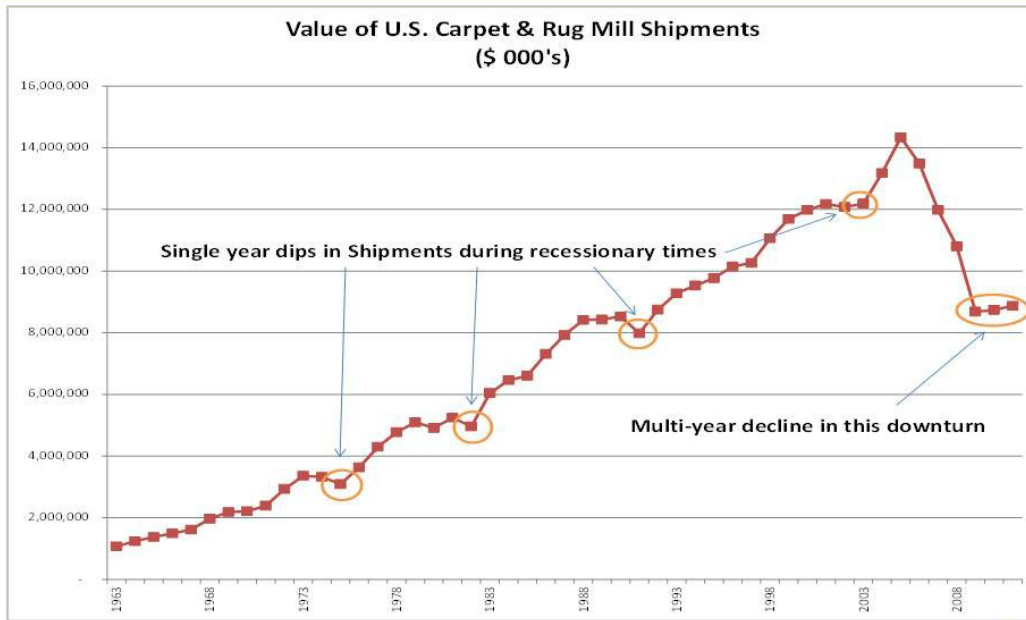
Residential Remodeling Owner-Occupied Improvements*

Upward trend for Q3 2011 with a slow recovery predicted.

Millions of dollars

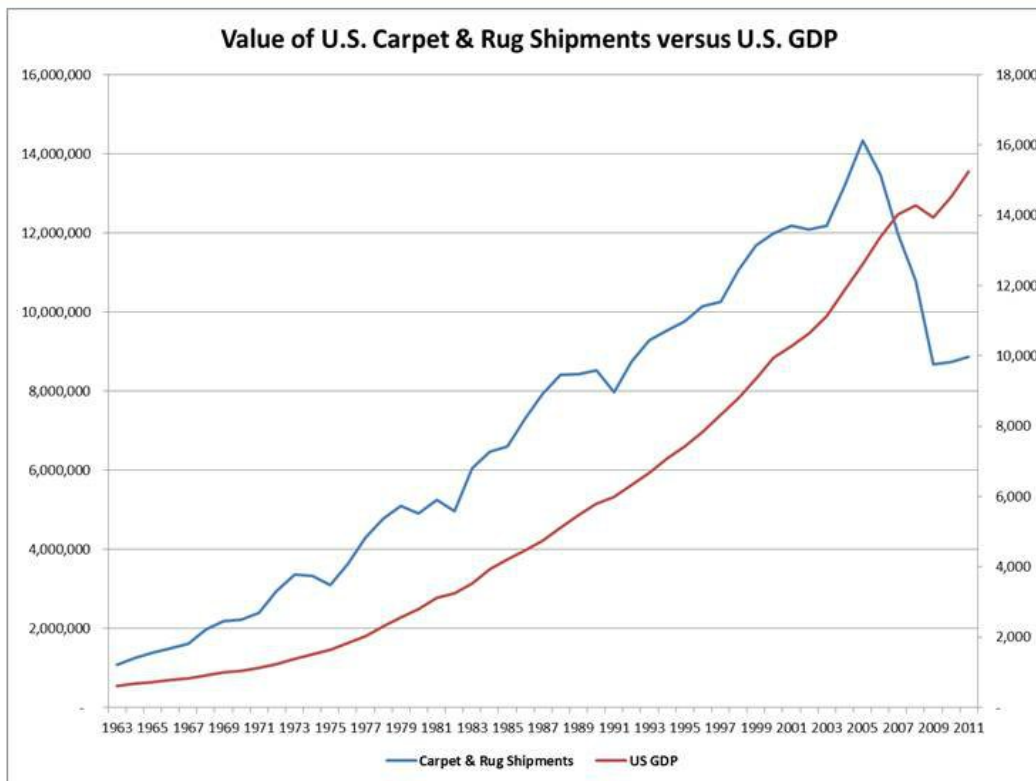


<http://www.census.gov/construction/c30/c30index.html> Private construction



Source: U.S. Census Bureau & CRI Estimate

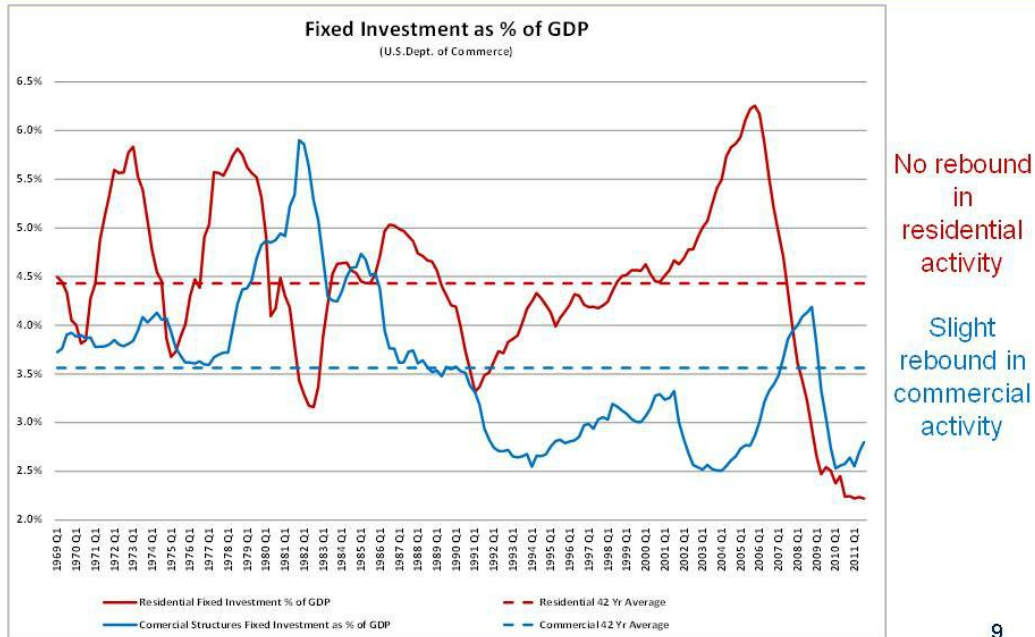
The Industry versus GDP



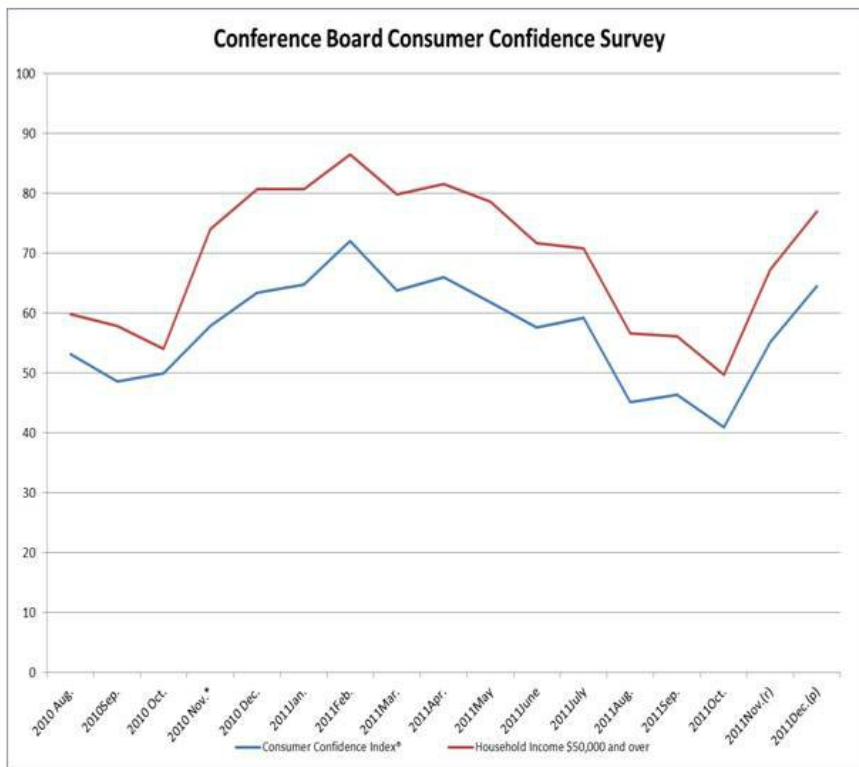
2012

- We are starting to see a rebound in the relationship between carpet and rug shipments and GDP
- We believe that the long-term trend will once again be restored once purchases of existing homes rebounds

Residential and Commercial Fixed Investment



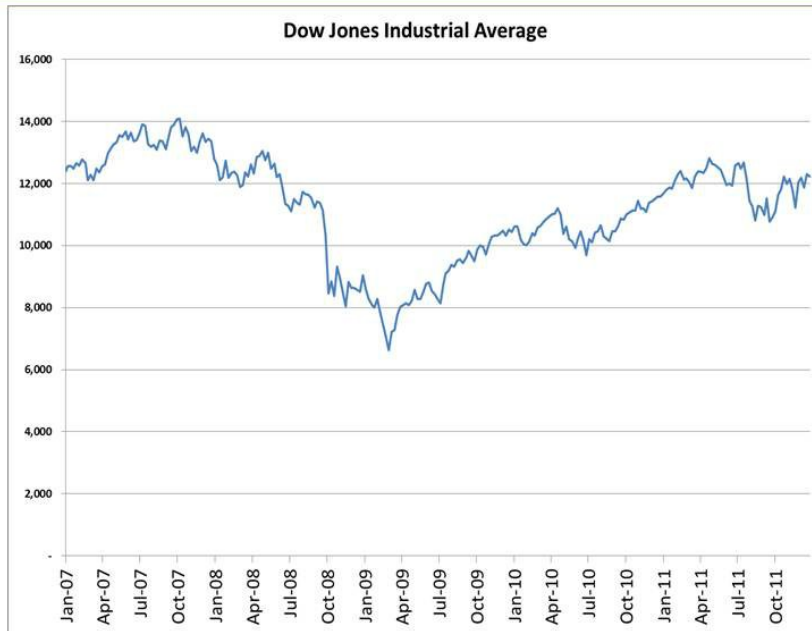
Consumer Sentiment Conference Board



December 2011:

- Consumer sentiment is rebounding (blue)
- Upper-end consumer confidence is accelerating (red)
- “Looking ahead, consumers are more optimistic that business conditions, employment prospects, and their financial situations will continue to get better.”
 - Lynn Franco, Director of The Conference Board Consumer Research Center:

The Stock Market



January 2012

- The stock market has been unstable throughout 2011 due to macro economic shocks
- 2012 is predicted to remain unsettled due to macro events:
Europe,
US Election,
Chinese slowdown,
Etc.

2010 U.S. Carpet Manufacturers

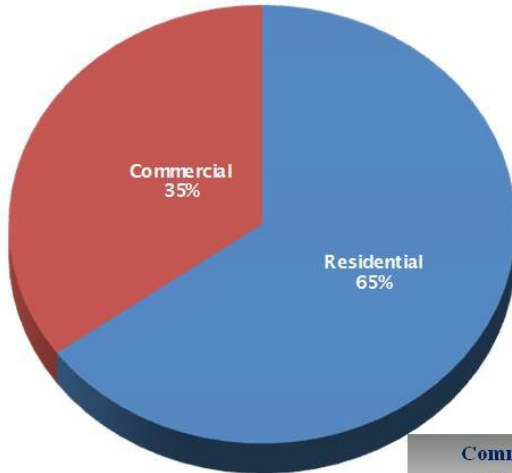


Carpet & Rug Sales	Dollars in Millions	% Total
Shaw	\$ 3,024	31.2%
Mohawk	\$ 2,442	25.2%
Bealieu	\$ 896	9.2%
Interface	\$ 496	5.1%
Dixie	\$ 225	2.3%
Other	\$ 2,618	27.0%
Market	\$ 9,701	100.0%

Source: FloorFocus

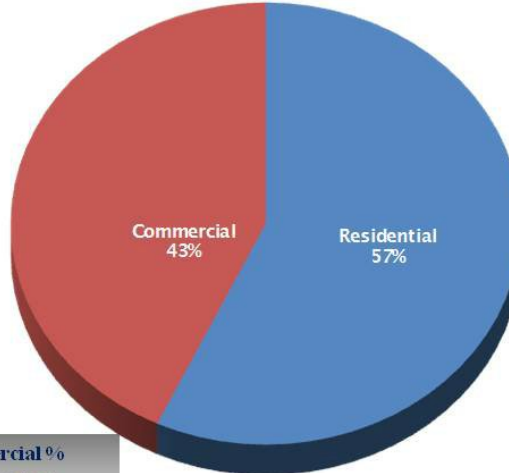
2006 Carpet End Use

Sales \$10.19 Billion



2011 Carpet End Use

Sales \$7.16 Billion

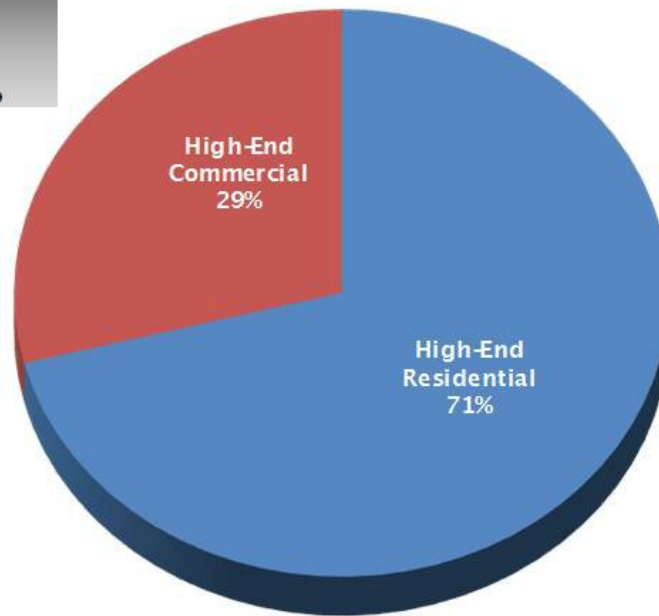


Commercial %
2001-2011
From 32% to 43%

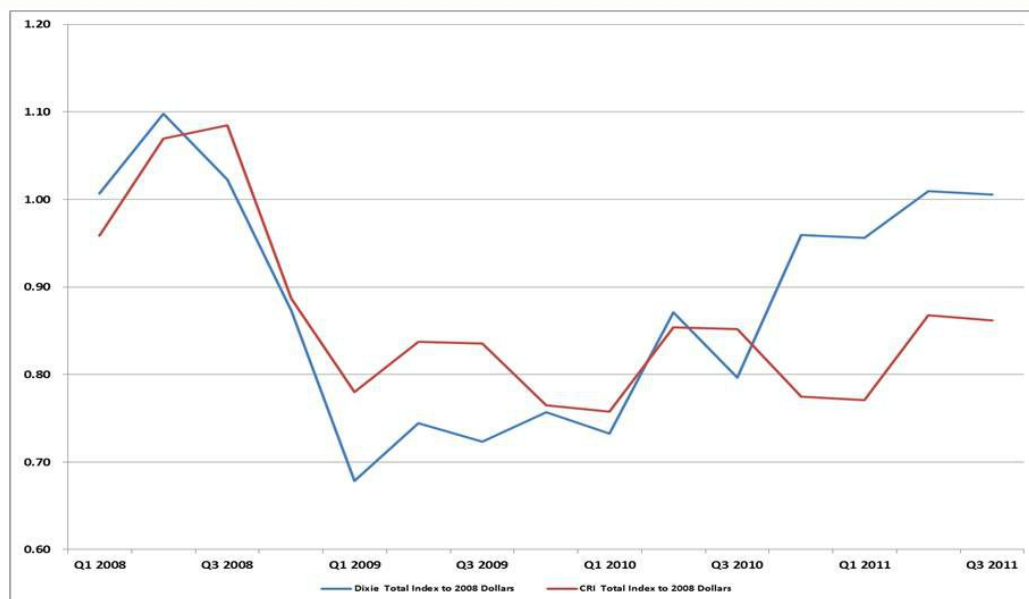
Source: FloorFocus – Broadloom & Carpet Tile

Dixie 2011 Carpet and Rug Sales by End Market

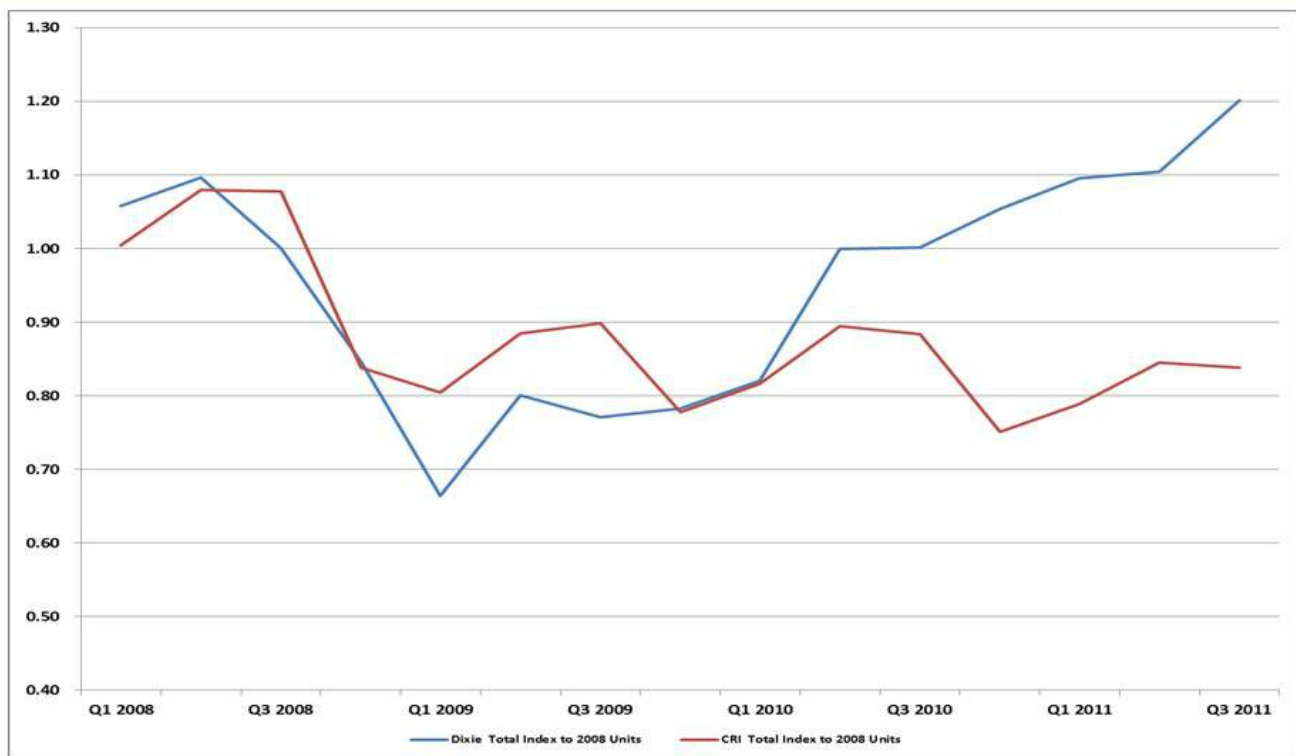
Commercial %
2001–2011
From 29% to 38%



Carpet Dollar Sales Indexed to 2008

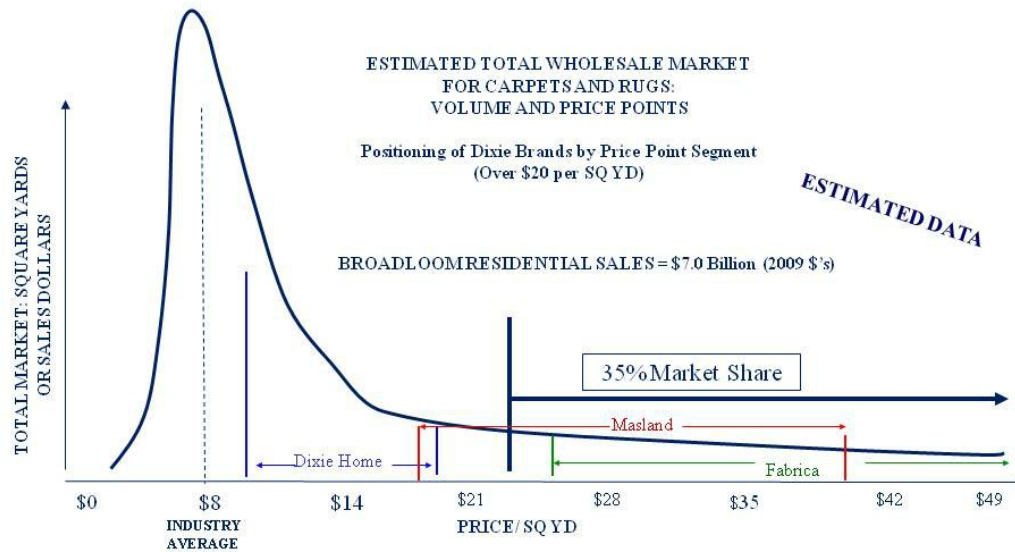


Carpet Unit Sales Indexed to 2008



Residential Positioning

The Dixie Group



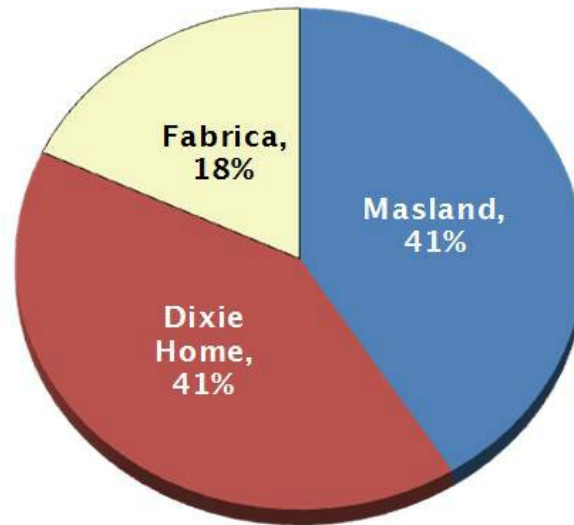
Note: Industry average price is based on sales reported through industry sources.

Excerpt from KSA Study dated May 2004, Titled "KSA Assessment of Dixie's Residential and Contract Carpet Businesses", commissioned by The Dixie Group, Inc.

Dixie Group High-End Residential Sales All Brands

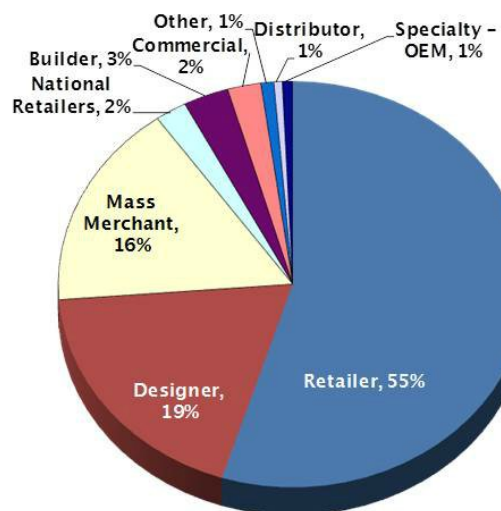


Year 2011



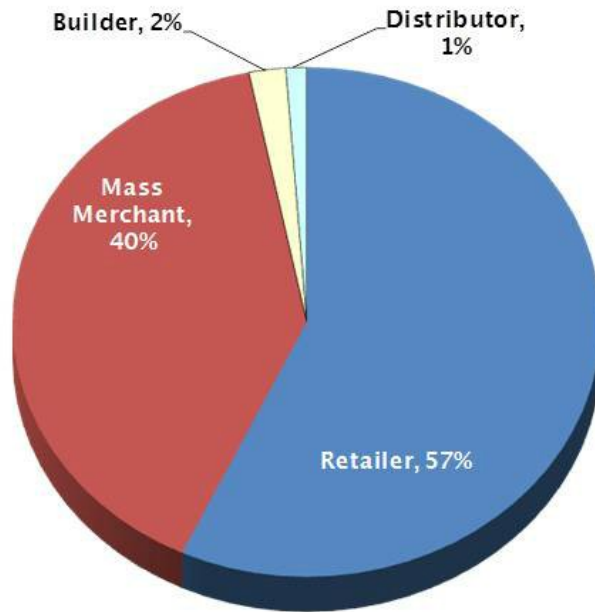


Sales by Channel for 2011





Sales by Channel for 2011

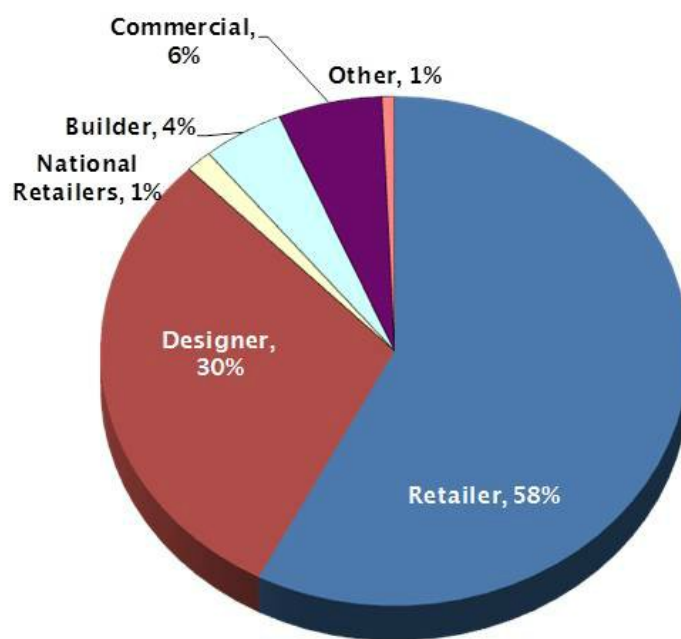




- Well-styled moderate to upper priced residential broadloom line
- Dixie provides a “full line” to retailers
- Leverage needed by fiber suppliers for market access
- Selective distribution strategy attractive to retailers
- Growth initiatives
 - Stainmaster®SolarMax™ Fiber Technology
 - Durasilk (polyester) collection



Sales by Channel for 2011

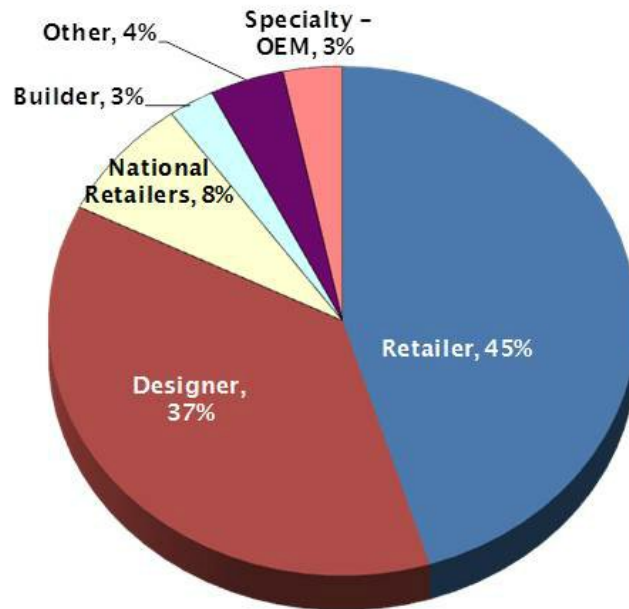




- Leading high-end brand with reputation for innovative styling, design and color
- High-end retail / designer driven
- Hand crafted and imported rugs
- Growth initiative
 - Stainmaster® TruSoft™ Fiber Technology
 - Wool products
 - First introductions in 2007
 - Now offering complete line to the industry



Sales by Channel for 2011

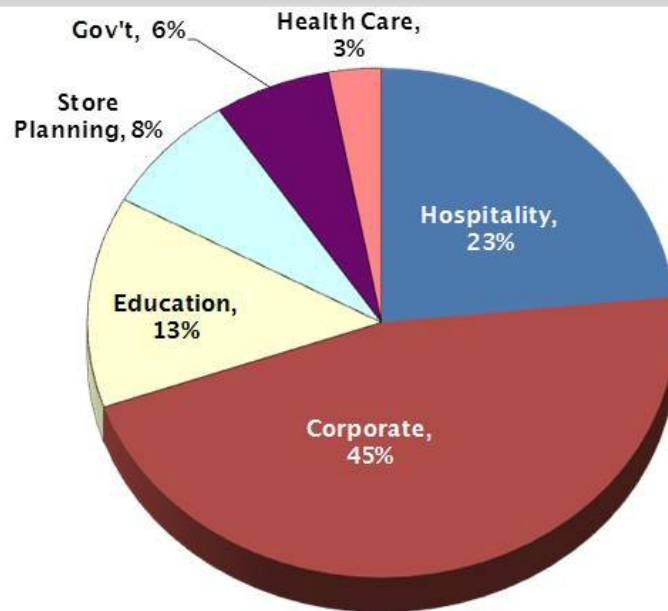




- Premium high-end brand
 - Superior quality in all aspects
- Designer focused
- Hand crafted and imported rugs
- Growth initiative
 - New products, heightened focus on retail penetration
 - Full service supplier of wool to the designer trade with excellent service and support



Sales by Channel for 2011



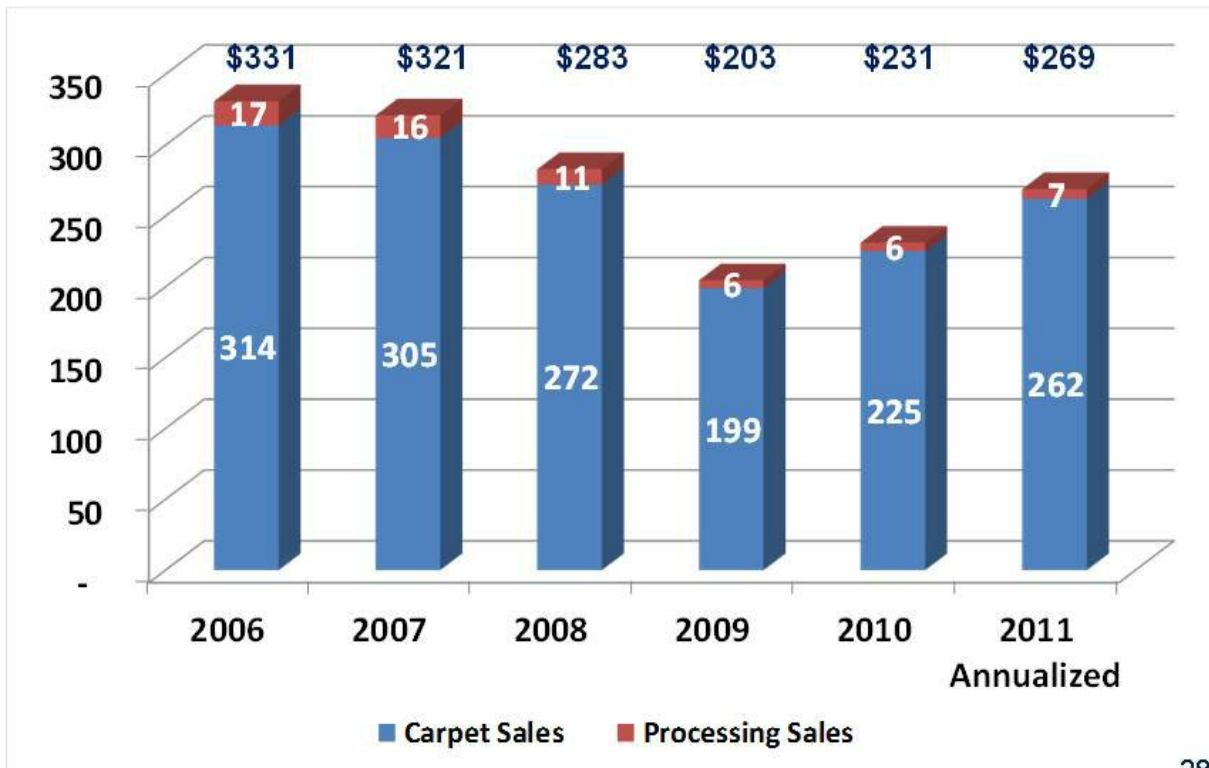
Channels: Interior Design Specifier and Commercial End User



- Premium brand in the commercial marketplace
- Designer focused
- Strong national account base
 - Nordstrom's, Target, Sears, Belk, Delta Air Lines, AECOM, Club Corporation of America
- Growth initiative
 - Modular/carpet tile
 - End User Channel

Dixie Group Sales

\$ in millions



Sales & Operating Income

\$ in millions



	<u>Q3 2010</u>	<u>Q4 2010</u>	<u>Q1 2011</u>	<u>Q2 2011</u>	<u>Q3 2011</u>
Net Sales	56.7	65.1	66.0	69.2	69.6
Net Income (Loss) from continuing operations	(1.9)	0.6	0.6	0.8	0.0
Non-GAAP Adjusted Operating Income (Loss)	(1.6)	2.5	1.8	1.7	1.2
Non-GAAP Adjusted EBITDA	1.3	5.2	4.3	4.1	3.6

- We will publish 2011 results on March 8, 2012
- Through Q3 2011 we:
 - improved YTD Adj. Operating Income by \$8.2 million vs. 2010
 - improved YTD Adj. EBITDA by \$6.7 million vs. 2010
 - need to invest less than depreciation over the next few years
 - capital expenditures of \$6.8 million vs. D & A of \$9.7 million
 - refinanced our senior credit lines with a new 5 year deal
 - no financial covenants if availability above \$10 million

Note: Non-GAAP reconciliation on slide 33

Current Business Conditions

2011 Activity



Sales Activity (on a 52 week basis):

- Residential sales up 16% while the industry is down slightly
- Commercial sales up 11%, nearly double the industry growth rate
- Dixie Group sales up 14% versus limited growth for the industry
 - All brands up for the year
 - Commercial sales growth strongest in modular carpet tile
 - Residential sales growth fastest at the upper-end of price range
- For the fourth quarter on a similar weeks basis to 2010:
 - Carpet to the upper end retail trade was up 7%, overall up 3%
 - Growth was highest at the highest price points
 - This is in line with increasing consumer confidence and a stable and rising stock market

Though the market has been difficult, we are encouraged by:

- The sales improvement is strongest at the highest price points
- Positive market reception to our new products:
 - Masland and Fabrica Wool Collections continued growth
 - Masland Avenue – new technology with a woven look
 - New Stainmaster® SolarMax™ and TruSoft™ products
 - Modular Carpet Tile is taking market share
- Having invested significantly in our capabilities for future growth and established our financial structure for the next 5 years

..... We will take advantage of market conditions as they improve



Masland FABRICA
CARPETS & RUGS FINE CARPET & RUGS



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



DIXIE
HOME  *Masland*
contract



Use of Non-GAAP Financial Information:

The Company believes that non-GAAP performance measures, which management uses in evaluating the Company's business, may provide users of the Company's financial information with additional meaningful bases for comparing the Company's current results and results in a prior period, as these measures reflect factors that are unique to one period relative to the comparable period. However, the non-GAAP performance measures should be viewed in addition to, not as an alternative for, the Company's reported results under accounting principles generally accepted in the United States.

The Company defines Net Sales as adjusted as Net Sales divided by the actual number of weeks and multiplied by the number of weeks in a normal period. (Note 1)

The Company defines Adjusted Operating Income as Operating Income plus facility consolidation expenses and severance expenses, plus impairment of assets, plus impairment of goodwill, plus one time items so defined. (Note 2)

The Company defines Adjusted EBIT as net income less income from discontinued operations, net of tax, plus taxes and plus interest. (Note 3)

The Company defines Adjusted EBTIDA as Adjusted EBIT plus depreciation and amortization, plus facility consolidation expenses and severance expenses, plus impairment of assets, plus impairment of goodwill, plus one time items so defined and plus other (income) expense - net. (Note 4)

The company defines Free Cash Flow as Net Incomes plus interest plus depreciation minus the net change in working capital minus the tax shield on interest minus capital expenditures net of asset sales. The change in net working capital is the change in current assets less current liabilities between periods. (Note 5)

Non-GAAP Information



Use of Non-GAAP Financial Information:

Net Sales Adjusted			
(\$ in thousands)	YTD 2010	YTD 2011	Y/Y Chge
Weeks in Period	39	40	
Net Sales as Reported	166,188	204,761	23.2%
Adjustment for Weeks	-	(4,711)	-2.8%
Non-GAAP Net Sales as Adjusted (Note 1)	\$ 166,188	\$ 200,050	20.4%

Use of Non-GAAP Financial Information:					
Note a: Restated					
Adjusted Operating Income (Loss)					
(\$ in thousands)	2007 (a)	2008 (a)	2009 (a)	2010	2011 YTD
Operating income (loss)	16,707	(28,460)	(45,389)	(2,570)	5,148
Plus: Facility consolidation and severance expenses	-	2,317	4,091	1,556	(563)
Plus: Impairment of assets	-	4,478	1,459	-	-
Plus: Impairment of goodwill	-	23,121	31,406	-	-
Less One time item: Insurance gain	-	-	-	-	(492)
Plus One time item: Workers' compensation retention	-	-	-	-	625
Non-GAAP Adjusted Operating Income (Loss) (Note 2)	\$ 16,707	\$ 1,456	\$ (8,433)	\$ (1,014)	\$ 4,718
Adjusted Earnings before Interest and Taxes (Adjusted EBIT)					
(\$ in thousands)	2007 (a)	2008 (a)	2009 (a)	2010	2011 YTD
Net income (loss) as reported	6,247	(31,481)	(42,241)	(4,654)	1,347
Less: Income (loss) from discontinued operations, net of tax	(521)	(313)	(382)	(281)	(127)
Plus: Taxes	3,686	(2,931)	(8,870)	(2,604)	647
Plus: Interest	6,347	5,965	5,521	4,124	2,736
Non-GAAP Adjusted EBIT (Note 3)	\$ 16,801	\$ (28,134)	\$ (45,208)	\$ (2,853)	\$ 4,857
Adjusted Earnings before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA)					
(\$ in thousands)	2007 (a)	2008 (a)	2009 (a)	2010	2011 YTD
Non-GAAP Adjusted EBIT (from above)	16,801	(28,134)	(45,208)	(2,853)	4,857
Plus: Depreciation and amortization	12,941	13,752	13,504	11,575	7,301
Plus: Facility consolidation and severance expenses	-	2,317	4,091	1,556	(563)
Plus: Impairment of assets	-	4,478	1,459	-	-
Plus: Impairment of goodwill	-	23,121	31,406	-	-
Less One time item: Insurance gain	-	-	-	-	(492)
Plus One time item: Workers' compensation retention	-	-	-	-	625
Plus One time item: Refinancing costs in Other expense	-	-	-	-	317
Plus: Other (income) expense - net	(94)	(326)	(181)	283	(26)
Non-GAAP Adjusted EBITDA (Note 4)	\$ 29,648	\$ 15,208	\$ 5,071	\$ 10,561	\$ 12,019

Use of Non-GAAP Financial Information:

Adjusted Operating Income (Loss)							
(\$ in thousands)	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011
Operating income (loss)	(2,286)	59	(1,937)	1,594	1,669	2,301	1,178
Plus: Facility consolidation and severance expenses	211	122	304	918	-	(563)	-
Plus: Impairment of assets	-	-	-	-	-	-	-
Plus: Impairment of goodwill	-	-	-	-	-	-	-
Less One time item: Insurance gain	-	-	-	-	(492)	-	-
Plus One time item: Workers' compensation retention	-	-	-	-	625	-	-
Non-GAAP Adj. Operating Income (Loss) (Note 2)	\$ (2,075)	\$ 181	\$ (1,633)	\$ 2,512	\$ 1,802	\$ 1,738	\$ 1,178
Adjusted Earnings before Interest and Taxes (EBIT)							
(\$ in thousands)	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011
Net income (loss) as reported	(2,529)	(744)	(1,897)	516	623	767	(43)
Less: Income (loss) from discontinued, net tax	(70)	(60)	(28)	(122)	(21)	(41)	(65)
Plus: Taxes	(1,060)	(636)	(965)	57	109	582	(44)
Plus: Interest	1,235	1,082	904	903	932	900	904
Non-GAAP Adjusted EBIT (Note 3)	\$ (2,284)	\$ (238)	\$ (1,930)	\$ 1,598	\$ 1,685	\$ 2,290	\$ 882
Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)							
(\$ in thousands)	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011
Non-GAAP Adjusted EBIT (from above)	(2,284)	(238)	(1,930)	1,598	1,685	2,290	882
Plus: Depreciation and amortization	2,964	2,966	2,941	2,704	2,519	2,361	2,421
Plus: Facility consolidation & severance expenses	211	122	304	918	-	(563)	-
Plus: Impairment of assets	-	-	-	-	-	-	-
Plus: Impairment of goodwill	-	-	-	-	-	-	-
Less One time item: Insurance gain	-	-	-	-	(492)	-	-
Plus One time item: Workers' compensation retention	-	-	-	-	625	-	-
Plus One time item: Refinancing costs in Other expense	-	-	-	-	-	-	317
Plus: Other (income) expense - net	(2)	297	(7)	(5)	(16)	11	(21)
Non-GAAP Adjusted EBITDA (Note 4)	\$ 889	\$ 3,147	\$ 1,308	\$ 5,215	\$ 4,321	\$ 4,099	\$ 3,599

Due to rounding, totals of the quarterly information for each of the years reflected may not necessarily equal the annual totals.

Non-GAAP Information



Non-GAAP Financial Information:

(\$ in thousands)	Free Cash Flow (FCF)						
	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011
Net income (loss) as reported	(2,529)	(744)	(1,897)	516	623	766	(43)
Plus: Interest	1,235	1,082	904	903	932	900	904
Plus: Depreciation	2,914	2,916	2,941	2,655	2,469	2,311	2,421
Minus: Net change in Working Capital	(5,988)	3,134	4,962	1,522	5,110	(779)	1,991
Minus: Tax shield on Interest	432	379	316	316	326	315	316
Non-GAAP Cash from Operations	\$ 7,176	\$ (259)	\$ (3,330)	\$ 2,236	\$ (1,412)	\$ 4,441	\$ 975
Minus: Capital Expenditures net of Asset Sales	2,914	2,906	1,166	486	1,100	1,038	2,053
Non-GAAP Free Cash Flow (Note 5)	\$ 4,262	\$ (3,165)	\$ (4,496)	\$ 1,750	\$ (2,512)	\$ 3,403	\$ (1,078)