DELTA APPAREL INC
Form DEF 14A
September 26, 2008

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SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

x Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material under Rule 14a-12

DELTA APPAREL, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.
o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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DELTA APPAREL, INC.
2750 Premiere Parkway, Suite 100
Duluth, Georgia 30097
Telephone (678) 775-6900

September 26, 2008

To Our Shareholders:

On behalf of the Board of Directors, Delta Apparel, Inc. invites you to attend the 2008 Annual Meeting of shareholders of Delta Apparel, Inc. on Thursday, November 13, 2008. The Annual Meeting will be held at our corporate offices located at 2750 Premiere Parkway, Suite 100, Duluth, Georgia. The Annual Meeting will begin at 10:00 a.m. local time.

The attached Proxy Statement describes the matters that we expect to act upon at the Annual Meeting. If you were a shareholder of record as of the close of business on September 19, 2008, you will find enclosed a proxy card and an envelope in which to return the card. Your vote is very important. Whether or not you plan to attend the meeting, please complete, sign, date and return your enclosed proxy card at your earliest convenience. This will ensure representation of your common shares at the Annual Meeting if you are unable to attend.

We appreciate your continued support of Delta Apparel, Inc.

Sincerely,

President and Chief Executive Officer

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DELTA APPAREL, INC.
2750 Premiere Parkway, Suite 100
Duluth, Georgia 30097
Telephone (678) 775-6900

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual meeting of the shareholders of Delta Apparel, Inc., a Georgia corporation, will be held on Thursday, November 13, 2008, at 10:00 a.m. local time at our corporate offices located at 2750 Premiere Parkway, Suite 100, Duluth, Georgia 30097, for the following purposes, as more fully described in the proxy statement accompanying this notice:

1. To elect eight directors identified in this proxy statement to hold office until the next annual meeting of the Company s shareholders or until their successors are duly elected and qualified;

2. To ratify the appointment of Ernst & Young LLP as the Company s independent registered public accounting firm for the fiscal year ending June 27, 2009; and

3. To act on such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

Only shareholders of record at the close of business on September 19, 2008, are entitled to notice of, and to vote at, the annual meeting and any adjournment or postponement thereof.

All shareholders are cordially invited to attend the annual meeting in person. Whether or not you plan to attend, please sign and return the enclosed proxy as promptly as possible in the envelope enclosed for your convenience. If you are able to attend the meeting, you may revoke your proxy and vote your shares in person.

By Order of the Board of Directors,

Martha M. Watson
Secretary
September 26, 2008
Duluth, Georgia

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PROXY STATEMENT
GENERAL INFORMATION

General

This proxy statement is furnished in connection with the solicitation by the Board of Directors of Delta Apparel, Inc., a Georgia corporation, of proxies for the annual meeting of shareholders to be held on November 13, 2008, at 10:00 a.m. local time. The annual meeting will be held at our corporate offices located at 2750 Premiere Parkway, Suite 100, Duluth, Georgia 30097. This proxy statement, form of proxy, and accompanying materials shall be first mailed on or about Friday, September 26, 2008, to all shareholders entitled to notice of, and to vote at, the annual meeting. We will refer to Delta Apparel, Inc. in this proxy statement as either Delta Apparel , the Company , we , or us or words of similar effect.

All materials filed by us with the Securities and Exchange Commission can be obtained through the SEC s web site at *www.sec.gov* or through our web site at *www.deltaapparelinc.com*.

Purpose of the Annual Meeting

At our annual meeting, holders of our common stock will be asked:

1. To elect eight directors to hold office until the next annual meeting of the Company s shareholders or until their successors are duly elected and qualified;

2. To ratify the appointment of Ernst & Young LLP as the Company s independent registered public accounting firm for the fiscal year ending June 27, 2009; and

3. To act on such other business as may properly come before the Annual Meeting or any adjournment or adjournments thereof.

Members of the Company s management team will be present at the meeting to respond to appropriate questions from shareholders.

Record Date and Share Ownership

The record date for the meeting is Friday, September 19, 2008. Only shareholders of record at the close of business on that date are entitled to vote at the annual meeting and any adjournment or postponement thereof. As of that date, there were 8,502,699 shares of our common stock, $0.01 par value, outstanding. Each share is entitled to one vote on each matter before the meeting.

Voting

Only shareholders of record on the record date will be entitled to vote at the annual meeting. If any shareholder is unable to attend the annual meeting, the shareholder may vote by proxy. When a properly completed proxy is returned to the address indicated on the enclosed proxy card, it will be voted as directed by the shareholder on the proxy. Shareholders are urged to specify their choices on the enclosed proxy. If a proxy is signed and returned without choices specified, in the absence of contrary instructions, the shares of our common stock represented by the proxy will be voted FOR the election to the Board of Directors of the nominees described herein, FOR the ratification of the appointment of Ernst & Young LLP as independent registered public accounting firm for the Company for fiscal year 2009, and in the discretion of the proxy holders as to all other matters that may properly come before the annual meeting or any adjournment or postponement thereof.

Revocability of Proxies

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is voted. If the shares are held in the shareholder s name, the proxy may be revoked by (i) sending written notice of revocation to our Secretary, Martha M. Watson, (ii) executing and delivering to our Secretary a proxy bearing a later date, or (iii) attending the annual meeting and giving notice of revocation to our Secretary or giving notice of revocation in open meeting prior to the proxy being voted. Attendance at the annual meeting will not in and of itself constitute a revocation of a proxy. Any written notice revoking a proxy should be sent to: Delta Apparel, Inc., 2750 Premiere Parkway, Suite 100, Duluth, Georgia 30097, Attention: Martha M. Watson, Secretary. If you are a beneficial owner of shares held in street name by your broker, you should follow the directions provided by your broker regarding how to revoke your proxy.

Quorum and Voting Requirement

The presence, either in person or by proxy, of the holders of two-thirds of the shares of outstanding common stock at September 19, 2008 is necessary to constitute a quorum at the annual meeting. Directors will be elected by a majority of the votes cast at the annual meeting. This means that each of the eight nominees will be elected if he or she receives the affirmative vote of holders of a majority of the shares voting with respect to the election of directors. Shareholders do not have the right to cumulate their votes with respect to the election of that director. Ratification of the appointment of Ernst & Young LLP as independent registered public accounting firm will require that the number of votes cast for exceeds the number of votes cast against the issue at the annual meeting. Abstentions and broker non-votes, which are separately tabulated, are included in the determination of the number of shares present for quorum purposes, but have no effect on the election of directors or the ratification of the appointment of Ernst & Young as independent registered public accounting firm.

Solicitation of Proxies

We will pay the cost of soliciting proxies in the accompanying form. In addition to solicitation by mail, our directors, officers and other regular employees may solicit proxies by telephone, telecopy or personal interview for no additional compensation. Arrangements will be made with brokerage houses and other custodians, nominees and fiduciaries to forward solicitation materials to beneficial owners of the stock held of record by such persons, and we will reimburse such persons for reasonable out-of-pocket expenses incurred by them in so doing. We have engaged Georgeson, Inc. to assist in these contacts with brokerage houses, custodians, nominees and fiduciaries for an estimated fee of $1,125 plus reasonable out-of-pocket expenses.

Proposals of Security Holders

Any shareholder who desires to present a proposal at the 2009 Annual Meeting of Shareholders for inclusion in our proxy statement and form of proxy relating to that meeting must submit such proposal to us at our principal executive offices on or before May 29, 2009. Pursuant to the requirements of our bylaws, if a shareholder desires to present a proposal at the 2009 Annual Meeting of Shareholders that will not be included in our proxy statement and form of proxy relating to that meeting, such proposal must be submitted to us at our principal executive offices no later than July 16, 2009 for the proposal to be considered timely.

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Annual Report to Shareholders

A copy of our 2008 Annual Report to Shareholders is being furnished with this Proxy Statement to each shareholder of record as of the record date. The 2008 Annual Report contains our fiscal year 2008 Annual Report on Form 10-K filed with the Securities and Exchange Commission, including financial statements and financial statement schedules but excluding exhibits. We will provide without charge to any shareholder of record as of September 19, 2008, and to each person to whom this Proxy Statement is delivered in connection with the Annual Meeting of Shareholders, upon written request of such shareholder or person, a copy of such fiscal year 2008 Annual Report and all exhibits to our fiscal year 2008 Annual Report on Form 10-K. Any such request should be directed to Delta Apparel, Inc., 2750 Premiere Parkway, Suite 100, Duluth, Georgia, 30097, Attention: Deborah H. Merrill, Chief Financial Officer. Although the 2008 Annual Report is being distributed with this proxy statement, it is not incorporated by reference into this proxy statement.

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STRUCTURE AND PRACTICES OF THE BOARD OF DIRECTORS

Our Board of Directors has the professional experience, expertise and commitment to effectively oversee management s performance and act in the long-term best interests of shareholders. The Board of Directors is committed to maintaining the highest standards of corporate governance.

Code of Ethics

Our Board of Directors maintains a code of business conduct and ethics known as the Ethics Policy Statement that applies to all of our salaried employees, officers and directors, including, but not limited to, our Chief Executive Officer and our Chief Financial Officer (who is also our principal accounting officer). The Ethics Policy Statement is available on our web site at *www.deltaapparelinc.com.* Any amendments or waivers to provisions of our Ethics Policy Statement that are applicable to our Chief Executive Officer or our Chief Financial Officer will be posted on our web site.

Director Independence

Our Board of Directors evaluates the independence of each director in accordance with applicable laws and regulations and the listing standards of the American Stock Exchange. Generally, an independent director is a director who is not also an officer or employee of the Company or any parent or subsidiary of the Company. In addition, no director qualifies as independent unless the Board of Directors affirmatively determines that the director does not have a material relationship with the Company that would interfere with the exercise of independent judgment. Our Board of Directors has reviewed the relationships between each member of the Board and the Company. Based on its review, our Board of Directors has determined that with the exception of Robert W. Humphreys, President and Chief Executive Officer, each of our current Directors is independent as required by applicable laws and as defined in the AMEX Listed Company Guide at this time.

Communicating with the Board of Directors

It is the policy of our Board of Directors to encourage all forms of information to be provided to the Board of Directors and/or its members by our shareholders. All such communications should be in written form, addressed to the Board of Directors or to one or more individual members of the Board of Directors, and sent care of our Secretary, Martha M. Watson, at 2750 Premiere Parkway, Suite 100, Duluth, Georgia, 30097 or via fax to 864-232-5199 or by email to *martha.watson@deltaapparel.com*. Such communications will be reviewed by our Secretary, who will remove communications relating to solicitations, junk mail, or other correspondence relating to customer service concerns. All other shareholder communications will be promptly forwarded to the applicable member(s) of our Board of Directors or to the entire Board of Directors, as requested in the shareholder communication.

Meetings of the Board

Directors are expected to attend all meetings of the Board and each committee on which they serve. In 2008, our Board of Directors had six meetings, consisting of five regularly scheduled meetings and one special meeting. In addition, the independent directors meet regularly in private sessions without any members of management present. Each of the directors attended over 75% of the meetings of the Board and the committees on which he or she served. In addition to Board meetings, our directors communicate informally with management on a variety of topics, including suggestions for Board or committee meeting agenda topics, recent developments, and other matters of interest to the directors.

Directors standing for election are expected to attend the Annual Meeting of Shareholders. All eight directors then in office and those who were standing for election attended our 2007 Annual Meeting of Shareholders.

Board Committees

Our Board of Directors has an Audit Committee, a Compensation Committee and a Corporate Governance Committee (which is our nominating committee). Each committee s activities are governed by a written committee charter. A copy of the committee charters is available through our web site at *www.deltaapparelinc.com*, or by sending your request in writing to our Secretary, Martha M. Watson, at 2750 Premiere Parkway, Suite 100, Duluth, Georgia, 30097.

All members of these committees are independent. Annually, our Board designates the members of these committees, and the members for 2008 were as follows:

Audit	Compensation	Corporate Governance
Dr. Max Lennon, Chairperson	William F. Garrett, Chairperson	E. Erwin Maddrey, II, Chairperson
David S. Fraser	Dr. Max Lennon	David S. Fraser
Dr. Elizabeth J. Gatewood	E. Erwin Maddrey, II	Dr. Elizabeth J. Gatewood
David T. Peterson	Buck A. Mickel	Buck A. Mickel
	David T. Peterson	

The committee members for 2009 are as follows:

Audit	Compensation	Corporate Governance
Dr. Max Lennon, Chairperson	William F. Garrett, Chairperson	E. Erwin Maddrey, II, Chairperson
David S. Fraser	Dr. Max Lennon	David S. Fraser
Dr. Elizabeth J. Gatewood	E. Erwin Maddrey, II	Dr. Elizabeth J. Gatewood
David T. Peterson	Buck A. Mickel	
	David T. Peterson	

Audit Committee

Our Audit Committee serves as an independent and objective party to oversee the financial and reporting processes of our Company, the audits of the financial statements of our Company and our Company s internal control system. Our Audit Committee appoints (subject to shareholder ratification), evaluates, and, when appropriate, replaces the independent registered public accounting firm, or outside auditors engaged to audit our financial statements and perform other audit, review, or attest services for our Company, determines the compensation and other terms of engagement of our outside auditors, and oversees their work. The outside auditors report directly to our audit committee. Our Audit Committee also oversees the internal audit function of our Company. In addition, our Audit Committee is responsible for establishing procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters. Our Audit Committee held four meetings during the fiscal year ended June 28, 2008.

After considering relationships between each member of the Audit Committee and our Company and our subsidiaries and reviewing the qualifications of the members of the Audit Committee, our Board of Directors has determined that all current members of the Audit Committee are independent as required by applicable laws and as defined in the AMEX Listed Company Guide at this time. Furthermore, our Board of Directors has determined that Dr. Max Lennon qualifies as an Audit Committee financial expert as defined by the Securities Exchange Act of 1934, as amended.

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Compensation Committee

Our Compensation Committee assists our Board in fulfilling its oversight responsibilities relating to senior executive and director compensation. Our Compensation Committee oversees, reviews and administers all of the Company s present and future compensation and executive benefit plans and programs, including equity compensation plans and plans pursuant to which performance-based compensation may be granted which is intended to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended (Section 162(m)), except that the full Board oversees, reviews and administers the Non-Employee Director Stock Plan. The Committee is authorized to delegate its responsibilities as it deems necessary or appropriate.

Our Compensation Committee reviews and determines executive officers salaries, awards under our Incentive Stock Award Plan (the Incentive Stock Award Plan), options under our 2000 Stock Option Plan (the Stock Option Plan), and bonuses under our Short-Term Incentive Compensation Plan. Our compensation Committee held two meetings during the fiscal year ended June 28, 2008.

Corporate Governance Committee

Our Corporate Governance Committee identifies, interviews and recommends to the Board candidates for election to the Board. The Committee also reviews and reports to the Board as to various corporate governance matters. Our Corporate Governance Committee held one meeting during the fiscal year ended June 28, 2008.

The process for identifying and evaluating nominees for director, including nominees recommended by shareholders, involves compiling names of potentially eligible candidates, evaluating candidates qualifications, conducting interviews with candidates, and meeting to consider and recommend final candidates to the Board of Directors. The Corporate Governance Committee considers director nominees recommended by holders of our common stock, and there is no difference in the manner in which our Corporate Governance Committee evaluates nominees for directors who are recommended by a shareholder and nominees who are recommended by our Company. The Corporate Governance Committee is authorized to retain (and terminate) search firms to assist it in identifying candidates to serve as directors of the Company and has sole authority to approve the fees payable to such search firms and other terms of their retention. The Corporate Governance Committee does not currently retain the services of any director search firm to assist in identifying and evaluating director candidates for its consideration, although it may do so from time to time in the future. Accordingly, no fees were paid to a search firm or other third party in the past fiscal year.

Nomination of Candidates for Director

Our director nominations policy is posted on our web site at *www.deltaapparelinc.com*. At a minimum, a nominee for our Board must (i) be over 21 years of age at the time of election; (ii) have experience in a position with a high degree of responsibility in a business or other organization; (iii) be able to read and understand basic financial statements; (iv) possess integrity and have high moral character; (v) be willing to apply sound, independent business judgment; and (vi) have sufficient time to devote to the Company. It is our policy for our Corporate Governance Committee to consider the following criteria when evaluating candidates to be nominated for director:

(a) whether the potential nominee has leadership, strategic, or policy setting experience in a complex organization, including any governmental, educational, or other non-profit organization;

(b) whether the potential nominee has experience and expertise that is relevant to the Company s business, including any specialized business experience, technical expertise, or other specialized skills, and whether the potential nominee has knowledge regarding issues affecting the Company;

(c) whether the potential nominee is highly accomplished in his or her respective field;

(d) in light of the relationship of the Company s business to the apparel industry, whether the potential nominee has received any awards or honors from any industry groups or associations or other relevant professional associations or actively participates in any such groups or associations;

(e) whether the addition of the potential nominee to our Board would assist the Board in achieving a mix of Board members that represents a diversity of background and experience;

(f) whether the potential nominee has high ethical character and a reputation for honesty, integrity, and sound business judgment;

(g) whether the potential nominee is independent, as defined by AMEX listing standards, whether he or she is free of any conflict of interest or the appearance of any conflict of interest with the best interests of the Company and its shareholders, and whether he or she is willing and able to represent the interests of all shareholders of the Company;

(h) whether the potential nominee is financially sophisticated, as defined by AMEX listing standards, or qualifies as an audit committee financial expert, as defined by Securities and Exchange Commission rules and regulations; and

(i) any factor affecting the ability or willingness of the potential nominee to devote sufficient time to Board activities and to enhance his or her understanding of the Company s business.

In determining whether to re-nominate an incumbent director, it is our policy that our Corporate Governance Committee review and consider the incumbent director s service to the Company during his or her term, including the number of meetings attended, level of participation, and overall contribution to the Company, in deciding whether to nominate such incumbent director for re-election.

If a shareholder desires to recommend one or more director nominees to the Corporate Governance Committee for nomination by the Company, the shareholder must provide the Company with the following information in writing:

(i) the name, telephone number, and address of the nominating shareholder and the name(s), telephone number(s), and address(es) of his or her nominee(s);

(ii) biographical information regarding each nominee, including each nominee s employment and other relevant experience; and

(iii) the written consent of each nominee to serve as a director of the Company if elected.

The director candidate recommendation materials should be sent to our Secretary, Martha M. Watson, at our principal executive offices by mail to 2750 Premiere Parkway, Suite 100, Duluth Georgia, 30097, or by fax to (864) 232-5199, or by e-mail to martha.watson@deltaapparel.com. Director candidate recommendations may be submitted at any time; however, the Corporate Governance Committee is not required to consider shareholder nominees for a given annual meeting of shareholders unless the written notice is received no later than 120 days prior to the first anniversary of the date of the Company s proxy statement for the previous year s annual meeting. Accordingly, shareholder recommendations for nominees to be considered at the 2009 Annual Meeting of Shareholders must be received no later than May 29, 2009.

If a shareholder desires to actually nominate one or more director candidates himself or herself, our bylaws require the shareholder to provide written notice of the intent to nominate to our Secretary, Martha M. Watson. If the shareholder desires to make the nomination at our regular annual meeting of shareholders, the notice must be received not less than 120 days prior to the anniversary of the preceding year s annual meeting of shareholders. If we move our annual meeting to a date more than 30 days away from the anniversary of the

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previous year s annual meeting, or if the shareholder desires to make the nomination at a special meeting of shareholders, the notice must be received no later than 10 days after we notify shareholders of, or publicly disclose, the meeting date. A shareholder s notice must contain the following information:

(a) the name and address of the shareholder who intends to make the nomination and the name and address of each of that shareholder s nominee(s);

(b) the class and number of shares held of record, beneficially owned and represented by proxy by the nominator as of the record date of the meeting (if the record date has been established) and as of the date of the notice, the name in which those shares are registered and a representation that the nominator intends to appear in person or by proxy at the meeting to make the nominations;

(c) a description of all arrangements or understandings between the nominator, the nominee(s) and any other persons (whose names must be disclosed) relating to the nomination;

(d) the same information about the nominee(s) that we would be required to include in a proxy statement under the Securities and Exchange Commission s proxy rules if we were making the nomination;

(e) the written consent of each nominee to serve as a director of the Company; and

(f) any other information we may reasonably request.

Copies of our bylaws may be obtained by writing or calling us at 2750 Premiere Parkway, Suite 100, Duluth, Georgia, 30097, Tel: (678) 775-6900, Attention: Martha M. Watson, Secretary.

Related Party Transactions

Policies and Procedures with Respect to Related Party Transactions

Our Board of Directors is committed to upholding the highest legal and ethical conduct in fulfilling its responsibilities and recognizes that related party transactions can present a heightened risk of potential or actual conflicts of interest. Accordingly, as a general matter, it is our Company s preference to avoid related party transactions.

Our Audit Committee Charter requires that members of the Audit Committee, all of whom we have determined to be independent directors, review and approve all related party transactions for which such approval is required under applicable law, including the Securities and Exchange Commission and the American Stock Exchange rules. Current rules define a related party transaction to include any transaction, arrangement or relationship in which the Company is a participant and in which any of the following persons has or will have a direct or indirect interest:

(a) an executive officer, director or director nominee of the Company;

(b) any person who is known to be the beneficial owner of more than 5% of the Company s common stock;

(c) any person who is an immediate family member (as defined under Item 404 of Regulation S-K) of an executive officer, director or director nominee or beneficial owner of more than 5% of the Company s common stock; or

(d) any firm, corporation or other entity in which any of the foregoing persons is employed or is a partner or principal or in a similar position or in which such person, together with any other of the foregoing persons, has a 5% or greater beneficial ownership interest.

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Minority Ownership of Foreign Subsidiaries

Atled Holding Company Honduras, S de RL, a Honduran sociedad de responsabilidad limitada (Atled Holding), is a Honduran holding company that owns our Honduran companies. Delta Apparel Honduras, S.A., a Honduran sociedad anonima (Delta Apparel Honduras), Delta Cortes, S.A., a Honduran sociedad anonima (Delta Cortes), and Ceiba Textiles S. de R.L., a Honduran sociedad de responsabilidad limitada (Ceiba Textiles), conduct our Honduran operations. In addition, LaPaz Honduras, S de RL, a Honduran sociedad de responsabilidad limitada (LaPaz Honduras), owns Textiles La Paz, LLC, a North Carolina limited liability company conducting business in El Salvador. Honduran law requires that Honduran companies have at least two shareholders. As a result, we own 99%, and Robert W. Humphreys, our Chief Executive Officer, owns 1%, of Atled Holding. Atled Holding owns 2,499 shares, and Robert W. Humphreys owns one share, of Delta Apparel Honduras and Delta Cortes, and Atled Holding owns 99%, and Robert W. Humphreys owns 1%, of Ceiba Textiles and LaPaz Honduras. Mr. Humphreys has agreed that, at the request of our Company for any reason or in the event he ceases to be a member of our Board for any reason, his ownership shall be transferred to another individual selected by our Company or, if so requested by us, to our Company, in exchange for $100.

Delta Campeche, S.A., a Mexican sociedad anonima (Delta Campeche), and Campeche Sportswear, S de RL de CV, a Mexican sociedad de responsabilidad de capital variable (Campeche Sportswear), conduct our Mexican operations. Mexican law requires that Mexican companies have at least two shareholders. As a result, we own 49 shares, and Robert W. Humphreys owns one share, of Delta Campeche, and we own 99.9%, and Robert W. Humphreys owns 0.1%, of Campeche Sportswear. Mr. Humphreys has agreed that, at the request of our Company for any reason or in the event he ceases to be a member of our Board for any reason, his ownership shall be transferred to another individual selected by our Company or, if so requested by us, to our Company, in exchange for $100.

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EXECUTIVE OFFICERS

The following provides certain information regarding our current executive officers. The primary business address is 322 South Main Street, Greenville, South Carolina 29601 for all executive officers except William T. McGhee and Kenneth D. Spires. William T. McGhee s primary business address is 2750 Premiere Parkway, Suite 100, Duluth, Georgia 30097 and the primary business address for Kenneth D. Spires is One Soffe Drive, Fayetteville, North Carolina 28312.

Robert W. Humphreys. Robert W. Humphreys currently serves as President and Chief Executive Officer of Delta Apparel, Inc. and has served in this capacity since December 1999. Mr. Humphreys served as President of the Delta Apparel division of Delta Woodside Industries, Inc., a textile manufacturing company, from April 1999 until December 1999. Previously, he served as Vice President-Finance and Assistant Secretary of Delta Woodside Industries, Inc. from May 1998 to November 1999. From January 1987 to May 1998, Mr. Humphreys was President of Stevcoknit Fabrics Company, the former knit fabrics division of a subsidiary of Delta Woodside Industries, Inc. Mr. Humphreys has been a Director since 1999. He is 51 years of age.

Deborah H. Merrill. Deborah H. Merrill is currently the Vice President, Chief Financial Officer and Treasurer of the Company and has served in this capacity since July 2006. From March 2006 until July 2006, she served as Vice President, Chief Accounting Officer, and Treasurer of the Company. From August 2004 until February 2006, she served as Director of Corporate Reporting, Planning and Administration of the Company, and from July 2000 to July 2004, Ms. Merrill served as Director of Accounting and Administration of the Company. From March 1999 to June 2000, Ms. Merrill served as Director of Accounting and Administration of the Delta Apparel division of Delta Woodside Industries, Inc., a textile manufacturing company. From August 1998 to February 1999, Ms. Merrill served as Accounting Manager of the Delta Apparel division of Delta Woodside Industries, Inc. Ms. Merrill served as Assistant Secretary of the Company from December 1999 to March 2006. Prior to joining Delta Apparel in 1998, she served as the Logistics Controller for GNB Technologies and as an Auditor for Deloitte & Touche LLP. She is 35 years of age.

Martha M. Sam Watson. Martha M. Watson is currently the Vice President and Secretary of the Company and has served in this capacity since October 2000. Prior to joining Delta Apparel, Inc., Ms. Watson served as President of Carolina Benefit Services, a payroll company (from September 1999 to October 2000), Vice President of Operations for Sunland Distribution, Inc., a public warehousing company (from January 1999 to September 1999), and Director of Human Resources for the following divisions of Delta Woodside Industries, Inc.: Stevcoknit Fabrics Company (from January 1990 to January 1999) and Delta Apparel (from July 1987 to January 1990). She is 55 years of age.

David R. Palmer. David R. Palmer is currently the Vice President and Assistant Treasurer of the Company and has served in this capacity since July 2006. Prior to joining Delta Apparel, Inc., Mr. Palmer served as Corporate Controller (from January 2005 to July 2006) and Analytical Director (from January 2001 to December 2005) for Delta Woodside Industries, Inc., a textile manufacturing company. He is 51 years of age.

Kenneth D. Spires. Kenneth D. Spires is currently the President of M. J. Soffe Co., a wholly-owned subsidiary of Delta Apparel, Inc. and has served in this capacity since September 2004. From July 2000 to September 2004, Mr. Spires served as Vice President of Technical Services of the Company, and from November 1993 to June 2000, Mr. Spires served as Vice President of Technical Services of the Delta Apparel division of Delta Woodside Industries, Inc., a textile manufacturing company. He is 50 years of age.

William T. McGhee. William T. McGhee is currently the President of Delta Activewear, the Activewear division of Delta Apparel, Inc. and has served in this capacity since April 2007. Prior to joining Delta Apparel, Inc., Mr. McGhee served from January 2007 to April 2007 as Vice President of Grupo Karim s Brand Yarns Division, a yarn manufacturer and distributor. From July 2001 to January 2007, Mr. McGhee was Executive Vice President of Ameritex Yarn, LLC, a yarn manufacturer. He is 57 years of age.

Our executive officers are appointed by the Board of Directors and serve at the pleasure of the Board.

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REPORT OF THE AUDIT COMMITTEE

The audit committee report is not soliciting material, is not deemed filed with the Securities and Exchange Commission and is not incorporated by reference in any of our Company s filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after this filing and irrespective of any general language to the contrary.

The Audit Committee assists the Board of Directors in its oversight of the integrity of our Company s financial statements, compliance with legal and regulatory requirements, the qualifications, independence and performance of the independent accountants and the performance of the internal audit function. Management is responsible for the financial statements, internal controls and the financial reporting process. Our independent accountants are responsible for expressing an opinion on the financial statements based on an audit conducted in accordance with generally accepted auditing standards.

The audit committee hereby reports as follows:

1. The Audit Committee has reviewed and discussed the audited financial statements with the Company s management.
2. The Audit Committee has discussed with Ernst & Young LLP the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, as adopted by the Public Company Accounting Oversight Board.
3. The Audit Committee has received the written disclosures and the letter from Ernst & Young LLP required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), as adopted by the Public Company Accounting Oversight Board, and has discussed with Ernst & Young LLP its independence from the Company.

Based on the review and discussions referred to in paragraphs 1 through 3 above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company s annual report on Form 10-K for the fiscal year ended June 28, 2008, that was filed with the Securities and Exchange Commission on August 28, 2008.

2008 Audit Committee Members

Dr. Max Lennon, Chair	David S. Fraser	Dr. Elizabeth J. Gatewood	David T. Peterson

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ELECTION OF DIRECTORS
Item 1 on Proxy Card

Our bylaws provide that the number of directors to be elected at any meeting of shareholders will be between two and fifteen and will otherwise be determined by the Board of Directors. Our Board of Directors has determined that eight directors shall be elected at the annual meeting.

The eight persons listed below are nominees for election as directors at the annual meeting to serve until our next annual meeting of shareholders or until their successors are duly elected and qualified. Unless you vote Withheld with respect to a particular nominee or all nominees, the proxy holders will vote your shares FOR each of the nominees named below, all of whom are currently directors.

We believe that all of the nominees will be available and able to serve as directors. In the event any nominee is not available or able to serve, the Board of Directors may either reduce the number of directors to be elected or select a substitute nominee. If a substitute nominee is selected, the proxy holders will vote your shares for the substitute nominee, unless you have withheld authority.

THE BOARD RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THE EIGHT NOMINEES.

David S. Fraser. David S. Fraser is currently a private investor and a business consultant and has been so since 2000. From 1998 until 2000, Mr. Fraser was Vice President and Chief Financial Officer of Crown Crafts, Inc., a publicly held manufacturer of home textile products. From 1994 until 1997, he served as Chief Financial Officer and Treasurer of Graphic Industries, Inc., a publicly held commercial printing company. Until July 2006, Mr. Fraser was also a Director of Jameson Inns, Inc. and was Chairman of its Audit Committee. Mr. Fraser has been a Director since 2002 and is a member of the Audit Committee and the Corporate Governance Committee. He is 70 years of age.

William F. Garrett. William F. Garrett is currently a private investor and a business consultant. Previously, he served as President and Chief Executive Officer of Delta Woodside Industries, Inc., a publicly held textile company, and served in that capacity from June 2000 until that company s closing in 2007. On October 13, 2006, Delta Woodside Industries, Inc., and its direct or indirect subsidiaries Delta Mills, Inc. and Delta Mills Marketing, Inc., filed voluntary petitions for bankruptcy protection under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the District of Delaware. Their Chapter 11 cases are being jointly administered by the Bankruptcy Court under case number 06-11144. From 1986 until June 2000, Mr. Garrett served as the President of Delta Mills Marketing Company, a division of a subsidiary of Delta Woodside Industries, Inc. or its predecessors. Previously, he served as a divisional Vice President of J. P. Stevens & Company, Inc., a textile company, from 1982 to 1984, and as a divisional President of J. P. Stevens & Company, Inc. from 1984 until 1986. Mr. Garrett has been a Director since 1999 and is a member of the Compensation Committee. He is 67 years of age.

Dr. Elizabeth J. Gatewood. Dr. Elizabeth J. Gatewood is the Director of the University Office of Entrepreneurship & Liberal Arts at Wake Forest University, a position she has held since 2004. From 1998 to 2004, she served as the Jack M. Gill Chair of Entrepreneurship and Director of The Johnson Center for Entrepreneurship & Innovation at Indiana University. Prior to her appointment at Indiana University, Dr. Gatewood was the Executive Director of the Gulf Coast Small Business Development Center Network at the University of Houston. Dr. Gatewood has been a Director since 2007 and is a member of the Audit Committee and the Corporate Governance Committee. She is 63 years of age.

Robert W. Humphreys. Robert W. Humphreys currently serves as President and Chief Executive Officer of Delta Apparel, Inc. and has served in this capacity since December 1999. Mr. Humphreys served as President of the Delta Apparel division of Delta Woodside Industries, Inc. from April 1999 until December 1999. Previously, he served as Vice President-Finance and Assistant Secretary of Delta Woodside Industries, Inc. from

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May 1998 to November 1999. From January 1987 to May 1998, Mr. Humphreys was President of Stevcoknit Fabrics Company, the former knit fabrics division of a subsidiary of Delta Woodside Industries, Inc. Mr. Humphreys has been a Director since 1999. He is 51 years of age.

Dr. Max Lennon. Dr. Max Lennon is currently the President of Education and Research Services (ERS), a nonprofit economic development organization, and has served in this capacity since 2002. From 1996 until 2002, Dr. Lennon served as President of Mars Hill College. Previously, he served as President and Chief Executive Officer of Eastern Foods, Inc., a food product manufacturer and distributor, from August 1994 until March 1996, and was President of Clemson University from March 1986 until August 1994. Dr. Lennon has been a Director since 1999 and is a member of the Audit Committee and Compensation Committee. He is 68 years of age.

E. Erwin Maddrey, II. E. Erwin Maddrey, II is currently the President of Maddrey & Associates, which engages in the business of investing and providing consulting services, and has held this position since 2000. He served as President and Chief Executive Officer of Delta Woodside Industries, Inc. from its founding in 1984 until June 2000. Mr. Maddrey is currently the chairman of our Board of Directors. He also serves as a Director of Kemet Corporation. Mr. Maddrey has been a Director since 1999 and is a member of the Compensation Committee and the Corporate Governance committee. He is 67 years of age.

Buck A. Mickel. Buck A. Mickel is currently the President, Chief Executive Officer and a Director of RSI Holdings, Inc., which is in the business of locating and providing labor to industrial companies in the United States. He has served in this capacity since July 1998. Previously, Mr. Mickel served as Vice President of RSI Holdings, Inc. from 1990 until 1998, and was a Vice President of Delta Woodside Industries, Inc. from its founding in 1984 until November 1989. Mr. Mickel has been a Director since 1999 and is a member of the Compensation Committee. He is 52 years of age.

David T. Peterson. David T. Peterson is currently the Chairman of The North Highland Company, a management and technology consulting services firm based in Atlanta, Georgia. Mr. Peterson served as the Chairman and Chief Executive Officer of The North Highland Company from the start of The North Highland Company in 1992 until May 2005. Previously, he held management positions with Georgia-Pacific Corporation, a manufacturing company, and both Ernst & Young and Arthur Andersen & Co., which are accounting and consulting firms. Mr. Peterson has been a Director since 2003 and is a member of the Compensation Committee and Audit Committee. He is 57 years of age.

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RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Item 2 on Proxy Card

The firm of Ernst & Young LLP has been retained by our Audit Committee as our independent registered public accounting firm for the fiscal year ending June 27, 2009. The Audit Committee is responsible for selecting the Company s independent registered public accounting firm. Accordingly, shareholder approval is not required to appoint Ernst & Young LLP as the Company s independent registered public accounting firm for fiscal year 2009. Our Board of Directors believes, however, that submitting the appointment of Ernst & Young LLP to the shareholders for approval is a matter of good corporate governance. Ernst & Young LLP audited our Company s financial statements for fiscal year 2008 and has served as our independent registered public accounting firm since 2001.

The following table presents fees for professional audit services rendered by Ernst & Young LLP for the audit of our annual consolidated financial statements for the fiscal years ended June 28, 2008 and June 30, 2007, and fees billed for other services rendered by Ernst & Young LLP during those periods.

	2008	2007
Audit Fees	$ 871,393	$ 999,604
Audit-Related Fees		66,262
Tax Fees	20,000	
All Other Fees	1,500	2,500
Total	$ 892,893	$ 1,068,366

Audit Fees Consists of fees for professional services rendered for the audit of our fiscal year 2008 and fiscal year 2007 consolidated annual financial statements, audit of internal control over financial reporting for fiscal years 2008 and 2007, review of the interim consolidated financials statements included in quarterly reports, and services that are normally provided by Ernst & Young LLP in connection with SEC filings.

Audit-Related Fees Consists of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements but are not reported under Audit Fees. For fiscal year 2007, such fees primarily related to Ernst & Young LLP s performance of the Fun-Tees acquisition opening balance sheet audit.

Tax Fees Consists of fees billed for professional services relating to tax compliance and other tax advice.

All Other Fees For fiscal year 2008 and 2007, the fees were for an annual subscription for Ernst & Young LLP s web-based accounting research service.

Under our audit committee s charter, the Audit Committee is authorized to establish and maintain pre-approval policies and procedures relating to the engagement of the independent registered public accounting firm to render services, provided the policies and procedures are detailed as to the particular service, the Audit Committee is informed of each service, and such policies and procedures do not include delegation of the audit committee s responsibilities to management. The Audit Committee has established pre-approval policies and procedures whereby the pre-approval duty may be delegated to one or more designated members of the Audit Committee with any such pre-approval reported to the audit committee at its next regularly scheduled meeting. As part of this approval, the Audit Committee requires that our management report to it at each of the Audit Committee s next regularly scheduled meetings as to the status of each such service by the independent registered public accounting firm to the extent such service has been carried out, in full or in part, prior to such meeting.

The Audit Committee did not approve during either of the last two fiscal years the incurrence of any fees pursuant to the exception to the pre-approval requirement set forth in 17 CFR 210.2-01(c)(7)(i)(C).

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In the event our shareholders fail to ratify the selection of Ernst & Young LLP, our Audit Committee will reconsider the selection (but is not required to select a different independent registered public accounting firm). Even if the selection is ratified, our Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the fiscal year if our Audit Committee believes that such a change would be in our best interests and the best interests of our shareholders.

Representatives of Ernst & Young LLP will be present at the Annual Meeting and such representatives will have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions from the shareholders.

THE BOARD RECOMMENDS THAT YOU VOTE FOR THE RATIFICATION OF ERNST & YOUNG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING ON JUNE 27, 2009.

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COMPENSATION COMMITTEE REPORT

The compensation committee report below is not soliciting material, is not deemed filed with the Securities and Exchange Commission and is not incorporated by reference in any of our filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after this filing and irrespective of any general language to the contrary.

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management. Based on such review and discussions, the Committee recommended to the Board of Directors, and the Board has approved, the inclusion of the Compensation Discussion and Analysis in this Proxy Statement and the Company s Annual Report on Form 10-K.

Compensation Committee

William F. Garrett, Chair	Dr. Max Lennon	E. Erwin Maddrey, II	Buck A. Mickel	David T. Peterson

Compensation Committee Interlocks and Insider Participation

The following directors served on the Compensation Committee of our Board of Directors during fiscal year 2008: William F. Garrett, Dr. Max Lennon, E. Erwin Maddrey, II, Buck A. Mickel and David Peterson. No member of the Committee is a current officer or employee or former officer of our Company or its subsidiaries, except that prior to the June 2000 spin-off of Delta Apparel by Delta Woodside Industries, Inc., E. Erwin Maddrey, II and Buck A. Mickel were officers of corporations that either were predecessors by merger of Delta Apparel or were subsidiaries of Delta Apparel. Mr. Maddrey and Mr. Mickel recuse themselves from, and do not participate in discussions or decisions regarding compensation for executive officers that is intended to qualify as performance-based compensation as defined in the Internal Revenue Code of 1986, as amended.

The information set forth below under the heading Related Party Transactions Minority Ownership of Foreign Subsidiaries is incorporated herein by reference.

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COMPENSATION DISCUSSION AND ANALYSIS

Guiding Principles and Policies

Our compensation program is designed to provide levels and types of compensation that integrate compensation with our Company s annual and long-term strategic goals and reward above-average corporate performance. Such a program allows us to attract, retain, and motivate qualified executives to achieve goals which are aligned with our ultimate objective of improving shareholder value.

Our compensation program is intended to:

- Provide compensation levels that reflect the competitive marketplace so that we can attract, retain and motivate the most talented executives;
- Provide compensation levels that correspond with our financial objectives and operating performance;
- Reward performance that facilitates the achievement of specific results and goals in furtherance of our business plan;
- Motivate executives to make greater personal contributions to help our Company achieve its strategic operating objectives; and
- Provide elements of compensation that align the interests of executives with those of shareholders to enhance shareholder value over the long-term.

Elements of Compensation

In General

The key elements of our executive compensation structure include:

- Payment of base salaries at levels that are competitive with those paid by peer companies;
- Annual performance-based cash incentives to reward the achievement of specific short-term company performance goals; and
- Long-term equity incentives in the form of grants of stock options.

During fiscal year 2007, the Compensation Committee retained an outside compensation consultant, Towers Perrin, to assist both management and the Compensation Committee in determining if the total compensation, not just base salaries, paid to our executive officers is competitive. Towers Perrin was hired by the Compensation Committee to provide peer company comparisons on total compensation, along with separately analyzing components of compensation, for our Chief Executive Officer and our other executive officers. As peer companies are different in size from our Company, Towers Perrin size-adjusted the market data to allow for comparison with our Company s compensation levels. In addition to the executive officers, Towers Perrin also conducted a market analysis on our Board of Director compensation levels for use in evaluating the compensation paid to our Board members.

In developing its independent views on compensation matters, the Compensation Committee obtains input from management and from compensation consultants with respect to all aspects of compensation, including base salaries, annual incentive compensation and long-term incentive compensation. Management provides to the Compensation Committee tally sheets that show recommended amounts of compensation for each element, compensation for each element in the past five years, and amounts payable to executive officers upon different termination of employment and change of control scenarios. While recommendations of management and the compensation consultant provide valuable guidance, the Compensation Committee ultimately makes all final decisions in carrying out its responsibilities and determining the compensation levels and structure for the executive management team.

Our Company does not have a pre-established policy or target for the allocation of base salary, short-term, or long-term incentives as a percentage of total compensation, nor does it target a specified weight for cash versus equity compensation. Rather, the Compensation Committee reviews our Company s past practices, along with the information provided by compensation consultants, in determining the appropriate level and mix of each element of compensation.

Base Salary

We provide our executives with a base salary to compensate them for services rendered during the fiscal year. The base salary for each executive officer is guided by the relative salary levels for comparable positions in the industry and the assessed potential of the executive, as well as the individual s scope of responsibility, personal performance, experience and length of service to our Company. Each executive officer s base salary is reviewed annually and generally adjusted to account for inflation, our Company s financial performance, any change in the executive officer s responsibilities and the executive officer s overall performance.

Being informed of competitive industry salaries and trends provided by Towers Perrin, and having reviewed the tally sheets prepared by management, the Compensation Committee sets and approves the base salary for Robert W. Humphreys, President and Chief Executive Officer. The Compensation Committee also sets and approves the base salary for other executive officers, after considering the Towers Perrin report, tally sheets, and salary recommendations made by the Chief Executive Officer and Vice President of Human Resources. The Compensation Committee reviews this information, with no single factor necessarily weighted more heavily than another. This process generally results in salary increases for the executive officers that are, on average, aligned with our salary philosophy for other salaried employees.

Annual Incentive Compensation

Cash bonuses are paid annually to executives pursuant to our Short-Term Incentive Compensation Plan. Our Short-Term Incentive Compensation Plan places a sizable percentage of annual cash compensation at risk and is designed to motivate and reward salaried employees to achieve and exceed annual business performance goals. Our Compensation Committee awards potential bonuses to executives at the beginning of each fiscal year, which are payable on the achievement during the fiscal year of objective performance goals determined by the Compensation Committee. The performance goals are objective in that a third party having knowledge of the relevant facts would be able to determine whether the performance goals have been met. No bonuses are paid until the Compensation Committee certifies that the performance goals have been achieved. The Compensation Committee may, at its discretion, adjust the actual annual incentive compensation paid to executives.

Performance Goals.

The performance goals for the annual incentive compensation are based on return on capital employed, defined as the Company s earnings before interest and taxes as a percentage of the twelve month average capital employed. For 2008, a 15% return on capital employed was required to achieve the target value, with a 5% return on capital employed achieving 40% of the target value and a 25% return on capital employed achieving 260% of the target value. No target amount is achieved if the Company s return on capital employed is less than 5%. In addition, incentives earned are adjusted upward or downward by the sales growth or decline of our Company from fiscal year to fiscal year. For example, if the Company had a 15% return on capital employed and the Company had a 10% sales growth, the executive would earn 110% of the target value. If performance goals are not met by the Company, there is no guaranteed bonus payment. If performance goals are exceeded, there is a maximum bonus payout of 260% of the target value. The performance goals for all of the named executive officers are based on the performance of the Company as a whole. In addition, Mr. McGhee and

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Mr. Spires receive a portion of their target value based on the performance of their particular business unit (Delta Activewear and M. J. Soffe Co., respectively). The performance goals for the business units are based upon a targeted return on capital employed for the individual business unit. There is no sales growth or decline adjustment to the business unit bonus plans. If performance goals are not met by the business unit, there is no guaranteed bonus payment. If performance goals are exceeded, there is no maximum limit; however, our Short-Term Incentive Compensation Plan states that no participant in the plan shall receive compensation pursuant to the plan in excess of $1,500,000 during any calendar year.

Target Value.

The target value of our Short-Term Incentive Compensation Plan award is set at a certain dollar amount per individual. The Compensation Committee approves the aggregate target amounts for the plan, as well as the individual target amounts for all executive officers. In setting the target amounts for the executive officers, the Compensation Committee primarily takes into consideration the level and responsibility of the executives position, the executives performance, the executives total compensation, the assessed potential of the executives, the recommendations from the Chief Executive Officer and the Vice President of Human Resources, and any other factors deemed relevant in accomplishing our Company s short-term goals. The 2008 target values were: $600,000 for Mr. Humphreys; $172,500 for Mr. Spires; $125,000 for Mr. McGhee $90,000 for Ms. Merrill; and $75,000 for Ms. Watson.

Based on the financial performance of Delta Apparel, Inc. for the fiscal year ended June 27, 2008, a bonus pool equal to 43.1% of the target amount were earned. Although the Company accomplished many initiatives during the fiscal year, Mr. Humphreys recommended to the Compensation Committee that it approve a reduced bonus pool due to the Company s decline in profitability during the fiscal year. Upon Mr. Humphreys recommendation, the Compensation Committee approved a total bonus pool equal to 29.2% of the target amounts. The amount of the total bonus pool awarded to each person was based on discretionary factors, with the Chief Executive Officer receiving 25% of his target amount and the other named executive officer receiving 50% of his or her target amount. The Compensation Committee approved the CEO s recommendation for the named executive officers.

Long-Term Incentive Compensation

Our equity compensation programs consist of stock option grants under our Incentive Stock Award Plan and our Stock Option Plan. These are designed to attract and retain top executive talent, and align the financial interests of the executive management group with the long-term interests of our shareholders. Stock option grants are designed to provide each executive officer with a significant incentive to manage the Company from the perspective of an owner with an equity stake in the business.

Incentive Stock Award Plan

Stock options are awarded to executives pursuant to our Incentive Stock Award Plan (Award Plan). The options granted under the Award Plan have an exercise price of $0.01 per share. In addition, the Company provides tax assistance on the vesting of the award whereby a cash payment is made to the executive upon the vesting of an award equal to estimated taxes payable by the executive upon the exercising of the option. The Compensation Committee grants incentive stock options to executives typically at the beginning of a fiscal year. Newly hired executive officers may receive their grant of stock options on their first date of employment with our Company. Additional options may be granted to executive officers in connection with promotions. At the beginning of fiscal year 2008, options were granted under the Award Plan that vest solely on the achievement of objective performance goals as determined by the Compensation Committee. These grants were both performance-based and service-based options. These options vest on the date we file our Annual Report on Form 10-K with the Securities and Exchange Commission for the 2009 fiscal year. Vesting of these shares is based on the Company s two-year average return on capital employed. For the two-year award period ending with fiscal year 2009, a 15% two-year average return on capital will achieve a 100% vesting of the options granted, while a 5% two-year average will achieve 0% vesting and a 20% two-year average will achieve a 150% vesting of the options granted. The 150% vesting of the options granted is the maximum that can be earned under the Award Plan. Based on the performance results of our Company for fiscal year 2008 and the forecasted performance results for fiscal year 2009, we expect that approximately 25% of the shares granted will be earned and will vest under the service-based element of the Award Plan. The service-based element under the Award Plan requires that the executive continue to be employed on the date we file our Annual Report on Form 10-K with the Securities and Exchange Commission for the 2009 fiscal year.

The number of shares granted by an award is determined by the level and responsibility of the executive s position, the executive s performance, the executive s total compensation, the assessed potential of the executive, the recommendation of the Chief Executive Officer and the Vice President of Human Resources, and any other factors deemed relevant in accomplishing our Company s long-term goals. In addition to these factors, the number of shares granted to the executive under the plan is evaluated in the context of our historical and anticipated future stock appreciation.

Stock Option Plan

Option grants under the Stock Option Plan (Option Plan) have an exercise price equal to the closing price of our stock on the grant date and have an expiration date of up to 10 years after the grant date. Generally, options subject to the Stock Option Plan become exercisable in a series of installments over a three to four year period of time, contingent upon the executive s continued employment with the Company. Accordingly, the option grant will provide a positive return to the executive only if he or she remains employed by the Company during the vesting period, and then only if the market price of the shares appreciates over the option term.

The number of options granted by the Compensation Committee is determined at a level that is intended to create a meaningful opportunity for stock ownership based upon the executive s current position, the assessed potential of the executive, the executive s performance, the executive s other forms of compensation, and any other factors that were deemed relevant to accomplish the long-term goals of the Company. Options are granted by the Compensation Committee as deemed appropriate; however, grants typically are made on the first day of a fiscal year. Newly hired executive officers receive their grant of stock options on their first date of employment with our Company. Additional options may be granted to executive officers in connection with promotions.

See the table entitled Grants of Plan-Based Awards Made in 2008 in this proxy statement for additional information on the number of options granted to the executive officers during fiscal year 2008.

Total Compensation

In making decisions with respect to any element of an executive officer s compensation, the Compensation Committee considers the total compensation that may be awarded to the executive, including base salary, annual incentive compensation and long-term incentive compensation. In addition, in reviewing and approving employment agreements for executive officers, the Compensation Committee considers the other benefits to which the officer is entitled by the agreement, including compensation payable upon termination of the agreement under a variety of circumstances. The Compensation Committee s goal is to award compensation that is reasonable when all elements of potential compensation are considered.

Perquisites and Other Personal Benefits

The Company does not provide its executives with any perquisites or other personal benefits that are not provided to its other employees.

Tax and Accounting Considerations

Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), generally limits the tax deductibility of each covered employee s compensation that exceeds $1 million per year unless the compensation is commission-based or qualifies as performance-based compensation (as defined in the Code), which includes a requirement that the plan has been approved by shareholders. We believe that the cash bonuses paid to the covered employees in fiscal year 2008 under the Short-Term Incentive Compensation Plan qualify as performance-based compensation exempt from the $1 million cap. The options granted subsequent to November 2001 under our Company s Stock Option Plan and Stock Award Plan may not qualify as performance-based compensation as the plans have not been approved by Delta Apparel, Inc. shareholders. We do not believe that this will cause the aggregate non-exempt compensation paid to any covered employee in fiscal year 2008 to exceed the $1 million limit. However, this may cause the aggregate non-exempt compensation paid to covered employees in fiscal year 2009 and beyond to exceed the $1 million limit and therefore compensation amounts in excess of $1 million for any covered employee may not be deductible by our Company for federal income tax purposes.

Accounting for Stock-Based Compensation

Beginning on July 3, 2005, we began accounting for stock-based compensation cost in accordance with the requirements of Statement of Financial Accounting Standards No. 123R.

Employment Agreements and Severance and Change in Control Benefits

We do not maintain an employment agreement with Robert W. Humphreys, our President and Chief Executive Officer.

Deborah H. Merrill, our Vice President, Chief Financial Officer and Treasurer, and Martha M. Watson, our Vice President and Secretary, are both parties to employment agreements with Delta Apparel, Inc. dated January 29, 2007. William T. McGhee, the President of Delta Activewear, has an employment agreement with Delta Apparel, Inc. dated April 27, 2007. Kenneth D. Spires, the President of M. J. Soffe Co., has an employment agreement with M. J. Soffe Co. dated January 29, 2007, but his agreement provides that he cannot be terminated by M. J. Soffe Co. without the approval of Delta Apparel s Chief Executive Officer. The employment agreements are otherwise identical except for the employees initial job titles listed above and initial base salaries set forth below:

Deborah H. Merrill	$ 180,000
Martha M. Watson	$ 175,000
William T. McGhee	$ 215,000
Kenneth D. Spires	$ 275,000

Each agreement entitles the employee to (i) the initial base salary set forth above (subject to upward adjustment), (ii) participate in the Company s Short-Term Incentive Compensation Plan, and (iii) receive the fringe benefits provided to executives in comparable positions including vacations and life, medical and disability insurance. The agreements all have terms that expire on December 30, 2009.

If the employee dies during the term of the agreement, we will continue to pay his or her base salary in effect at the time of death to his or her estate for six months. If the employee becomes disabled (as defined in the agreement) during the term, he or she will continue to receive base salary and benefits for a period of six months. If the Company terminates the employee s employment without cause (as defined in the agreement) or the employee terminates employment because the Company has breached the agreement and in each case no change of control (as defined in the agreement) has occurred, then the employee is entitled to receive base salary and incentive compensation ranging from 3 months base salary and 25% of the Short Term Incentive Plan award for the most recent full fiscal year if the employee was employed for less than one year up to 12 months base salary and 100% of the Short Term Incentive Plan award for the most recent full fiscal year if the employee was employed for three or more years, in all cases paid out in equal monthly payments over the period of base salary continuation. To the extent permitted under Internal Revenue Code (IRC) Section 409A, the sum of applicable base salary and incentive compensation shall be divided into equal monthly payments and paid to the executive over the applicable payout period, depending on the executive s years of service at the time of termTTOM: black 4px double">

: 9
:
:
:
Sole dispositive power

None (Item 5)
:10
:
:
:
Shared dispositive power

None
11

Aggregate amount beneficially owned by each reporting person

None (Item 5)
12

Check box if the aggregate amount in row (11) excludes certain shares
(SEE INSTRUCTIONS) X
13

Percent of class represented by amount in row (11)

0.00%

14

Type of reporting person (SEE INSTRUCTIONS)
HC, CO

7

CUSIP No. 857873103

1 Names of reporting persons
I.R.S. identification nos. of above persons (entities only)
GAMCO Investors, Inc. I.D.
No. 13-4007862
Check the appropriate box if a member of a group (SEE INSTRUCTIONS) (a)

(b)

3 Sec use only

4 Source of funds (SEE INSTRUCTIONS)
WC

5 Check box if disclosure of legal proceedings is required pursuant to items 2 (d) or 2 (e)

6 Citizenship or place of organization
New York

Number Of	: 7	Sole voting power
Shares	:	None (Item 5)
Beneficially	: 8	Shared voting power
Owned	:	None
By Each	: 9	Sole dispositive power
Reporting	:	None (Item 5)
Person	:10	Shared dispositive power
With	:	None

11 Aggregate amount beneficially owned by each reporting person

None (Item 5)

12 Check box if the aggregate amount in row (11) excludes certain shares
(SEE INSTRUCTIONS) X

13 Percent of class represented by amount in row (11)

0.00%

14 Type of reporting person (SEE INSTRUCTIONS)

HC, CO

8

CUSIP No. 857873103

1 Names of reporting persons
I.R.S. identification nos. of above persons (entities only)
Mario J. Gabelli

2 Check the appropriate box if a member of a group (SEE INSTRUCTIONS) (a)

(b)

3 Sec use only

4 Source of funds (SEE INSTRUCTIONS)
00 – Funds of a Private Entity

5 Check box if disclosure of legal proceedings is required pursuant to items 2 (d) or 2 (e)

6 Citizenship or place of organization
USA

Number Of	: 7	Sole voting power
Shares	:	3,000 (Item 5)
Beneficially	: 8	Shared voting power
Owned	:	None
By Each	: 9	Sole dispositive power
Reporting	:	3,000 (Item 5)
Person	:10	Shared dispositive power
With	:	None

11 Aggregate amount beneficially owned by each reporting person

3,000 (Item 5)

12 Check box if the aggregate amount in row (11) excludes certain shares
(SEE INSTRUCTIONS) X

13 Percent of class represented by amount in row (11)

0.01%

14 Type of reporting person (SEE INSTRUCTIONS)
IN

9

Item 1. Security and Issuer

The class of equity securities to which this statement on Schedule 13D relates is the Common Stock of The Steak N Shake Company (the "Issuer"), an Indiana corporation with principal offices located at 36 S. Pennsylvania Street, Suite 500, Indianapolis, Indiana 46204.

Item 2. Identity and Background

This statement is being filed by Mario J. Gabelli ("Mario Gabelli") and various entities which he directly or indirectly controls or for which he acts as chief investment officer. These entities engage in various aspects of the securities business, primarily as investment adviser to various institutional and individual clients, including registered investment companies and pension plans, and as general partner of various private investment partnerships. Certain of these entities may also make investments for their own accounts.

The foregoing persons in the aggregate often own beneficially more than 5% of a class of a particular issuer. Although several of the foregoing persons are treated as institutional investors for purposes of reporting their beneficial ownership on the short-form Schedule 13G, the holdings of those who do not qualify as institutional investors may exceed the 1% threshold presented for filing on Schedule 13G or implementation of their investment philosophy may from time to time require action which could be viewed as not completely passive. In order to avoid any question as to whether their beneficial ownership is being reported on the proper form and in order to provide greater investment flexibility and administrative uniformity, these persons have decided to file their beneficial ownership reports on the more detailed Schedule 13D form rather than on the short-form Schedule 13G and thereby to provide more expansive disclosure than may be necessary.

(a), (b) and (c) - This statement is being filed by one or more of the following persons: GGCP, Inc. ("GGCP"), GAMCO Investors, Inc. ("GBL"), Gabelli Funds, LLC ("Gabelli Funds"), GAMCO Asset Management Inc. ("GAMCO"), Teton Advisors, Inc. ("Teton Advisors"), Gabelli Securities, Inc. ("GSI"), Gabelli & Company, Inc. ("Gabelli & Company"), MJG Associates, Inc. ("MJG Associates"), Gabelli Foundation, Inc. ("Foundation"), MJG-IV Limited Partnership ("MJG-IV"), and Mario Gabelli. Those of the foregoing persons signing this Schedule 13D are hereafter referred to as the "Reporting Persons".

GGCP makes investments for its own account and is the controlling shareholder of GBL. GBL, a public company listed on the New York Stock Exchange, is the parent company for a variety of companies engaged in the securities business, including those named below.

GAMCO, a wholly-owned subsidiary of GBL, is an investment adviser registered under the Investment Advisers Act of 1940, as amended ("Advisers Act"). GAMCO is an investment manager providing discretionary managed account services for employee benefit plans, private investors, endowments, foundations and others.

GSI, a majority-owned subsidiary of GBL, is an investment adviser registered under the Advisers Act and serves as a general partner or investment manager to limited partnerships and offshore investment companies. As a part of its business, GSI may purchase or sell securities for its own account. GSI is the general partner or investment manager of a number of funds or partnerships, including Gabelli Associates Fund, Gabelli Associates Fund II, Gabelli Associates Limited, ALCE Partners, L.P., Gabelli Capital Structure Arbitrage Fund LP, Gabelli Capital Structure Arbitrage Fund Limited, Gabelli Global Partners L.P., Gabelli Intermediate Credit Fund L.P., Gabelli Japanese Value Partners L.P., GAMA Select Energy + L.P., GAMCO Medical Opportunities L.P., GAMCO Long/Short Equity Fund, L.P. and Gabelli Multimedia Partners, L.P. GSI and Marc Gabelli own 45% and 55%, respectively, of Gabelli Securities International Limited ("GSIL"). GSIL provides investment advisory services to offshore funds and accounts. GSIL is an investment advisor of Gabelli International Gold Fund Limited and Gabelli Global Partners, Ltd.

Gabelli & Company, a wholly-owned subsidiary of GSI, is a broker-dealer registered under the Securities Exchange Act of 1934, as amended ("1934 Act"), which as a part of its business regularly purchases and sells securities for its own account.

Gabelli Funds, a wholly owned subsidiary of GBL, is a limited liability company. Gabelli Funds is an investment adviser registered under the Advisers Act which presently provides discretionary managed account services for The Gabelli Equity Trust Inc., The Gabelli Asset Fund, The GAMCO Growth Fund, The Gabelli Convertible and Income Securities Fund Inc., The Gabelli Value Fund Inc., The Gabelli Small Cap Growth Fund, The Gabelli Equity Income Fund, The Gabelli ABC Fund, The GAMCO Global Telecommunications Fund, GAMCO Gold Fund, Inc., The

Gabelli Global Multimedia Trust Inc., The GAMCO Global Convertible Securities Fund, Gabelli Capital Asset Fund, GAMCO International Growth Fund, Inc., The GAMCO Global Growth Fund, The Gabelli Utility Trust, The GAMCO Global Opportunity Fund, The Gabelli Utilities Fund, The Gabelli Blue Chip Value Fund, The GAMCO Mathers Fund, The Gabelli Woodland Small Cap Value Fund, The Comstock Capital Value Fund, The Gabelli Dividend and Income Trust, The Gabelli Global Utility & Income Trust, The Gabelli Global Gold, Natural Resources, & Income Trust, The Gabelli Global Deal Fund, Gabelli Enterprise M&A Fund, The Gabelli SRI Green Fund, Inc. and The Gabelli Healthcare & Wellness Rx Trust (collectively, the "Funds"), which are registered investment companies.

Teton Advisors, an investment adviser registered under the Advisers Act, provides discretionary advisory services to The GAMCO Westwood Mighty Mitessm Fund, The GAMCO Westwood Income Fund and The GAMCO Westwood SmallCap Equity Fund.

MJG Associates provides advisory services to private investment partnerships and offshore funds. Mario Gabelli is the sole shareholder, director and employee of MJG Associates. MJG Associates is the Investment Manager of Gabelli International Limited and Gabelli Fund, LDC. Mario J. Gabelli is the general partner of Gabelli Performance Partnership, LP.

The Foundation is a private foundation. Mario Gabelli is the Chairman, a Trustee and the Investment Manager of the Foundation. Elisa M. Wilson is the President of the Foundation.

Mario Gabelli is the majority stockholder, Chief Executive Officer and a director of GGCP and Chairman and Chief Executive Officer of GBL. Mario Gabelli is also deemed to be the controlling shareholder of Teton through his control of GGCP and MJG-IV.

The Reporting Persons do not admit that they constitute a group.

GBL, GAMCO, and Gabelli & Company are New York corporations and GSI and Teton Advisors are Delaware corporations, each having its principal business office at One Corporate Center, Rye, New York 10580. GGCP is a New York corporation having its principal business office at 140 Greenwich Avenue, Greenwich, CT 06830. Gabelli Funds is a New York limited liability company having its principal business office at One Corporate Center, Rye, New York 10580. MJG Associates is a Connecticut corporation having its principal business office at 140 Greenwich Avenue, Greenwich, CT 06830. The Foundation is a Nevada corporation having its principal offices at 165 West Liberty Street, Reno, Nevada 89501.

For information required by instruction C to Schedule 13D with respect to the executive officers and directors of the foregoing entities and other related persons (collectively, "Covered Persons"), reference is made to Schedule I annexed hereto and incorporated herein by reference.

(e) - On April 24, 2008, Gabelli Funds settled an administrative proceeding with the Securities and Exchange Commission ("Commission") regarding frequent trading in shares of a mutual fund it advises, without admitting or denying the findings or allegations of the Commission. The inquiry involved Gabelli Funds' treatment of one investor who had engaged in frequent trading in one fund (the prospectus of which did not at that time impose limits on frequent trading), and who had subsequently made an investment in a hedge fund managed by an affiliate of Gabelli Funds. The investor was banned from the fund in August 2002, only after certain other investors were banned. The principal terms of the settlement include an administrative cease and desist order from violating Section 206(2) of the Investment Advisers Act of 1940, Section 17(d) of the Investment Company Act of 1940 ("Company Act"), and Rule 17d-1 thereunder, and Section 12(d)(1)(B)(1) of the Company Act, and the payment of $11 million in disgorgement and prejudgment interest and $5 million in a civil monetary penalty. Gabelli Funds was also required to retain an independent distribution consultant to develop a plan and oversee distribution to shareholders of the monies paid to the Commission, and to make certain other undertakings.

In September 2008, Gabelli Funds reached agreement in principle with the staff of the Commission, subject to Commission approval, on a previously disclosed matter that had been ongoing for several years involving compliance with Section 19(a) of the Investment Company Act of 1940 and Rule 19a-1 thereunder by two closed-end funds. The agreement was finalized with the Commission on January 12, 2009. The provisions of Section 19(a) and Rule 19a-1 require registered investment companies, when making a distribution in the nature of a dividend from sources other than net investment income, to contemporaneously provide written statements to shareholders that adequately disclose the source or sources of such distribution. While the two funds sent annual statements and provided other materials containing this information, the shareholders did not receive the notices required by Rule

19a-1 with any of the distributions that were made for 2002 and 2003. Gabelli Funds believes that the funds have been in compliance with Section 19(a) and Rule 19a-1 since the beginning of 2004. As part of the settlement, in which Gabelli Funds neither admits nor denies the findings by the Commission, Gabelli Funds agreed to pay a civil monetary penalty of $450,000 and to cease and desist from causing violations of Section 19(a) and Rule 19a-1. In connection with the settlement, the Commission noted the remedial actions previously undertaken by Gabelli Funds.

(f) - Reference is made to Schedule I hereto.

Item 3. Source and Amount of Funds or Other Consideration

The Reporting Persons used an aggregate of approximately $21,129,179 to purchase the Securities reported as beneficially owned in Item 5. GAMCO and Gabelli Funds used approximately $12,726,594 and $4,663,438, respectively, of funds that were provided through the accounts of certain of their investment advisory clients (and, in the case of some of such accounts at GAMCO, may be through borrowings from client margin accounts) in order to purchase the Securities for such clients. GSI used approximately $148,683 of client funds to purchase the Securities reported by it. MJG Associates used approximately $89,399 of client funds to purchase the Securities reported by it. Teton Advisors used approximately $3,478,173 of funds of investment advisory clients to purchase the Securities reported by it. Mario Gabelli used approximately $22,892 of funds of a private entity to purchase the Securities reported by it.

Item 4. Purpose of Transaction

Each of the Reporting Persons has purchased and holds the Securities reported by it for investment for one or more accounts over which it has shared, sole, or both investment and/or voting power, for its own account, or both.

The Reporting Persons are engaged in the business of securities analysis and investment and pursue an investment philosophy of identifying undervalued situations. In pursuing this investment philosophy, the Reporting Persons analyze the operations, capital structure and markets of companies in which they invest, including the Issuer, on a continuous basis through analysis of documentation and discussions with knowledgeable industry and market observers and with representatives of such companies (often at the invitation of management). The Reporting Persons do not believe they possess material inside information concerning the Issuer. As a result of these analytical activities one or more of the Reporting Persons may issue analysts reports, participate in interviews or hold discussions with third parties or with management in which the Reporting Person may suggest or take a position with respect to potential changes in the operations, management or capital structure of such companies as a means of enhancing shareholder values. Such suggestions or positions may relate to one or more of the transactions specified in clauses (a) through (j) of Item 4 of Schedule 13D including, without limitation, such matters as disposing of one or more businesses, selling the company or acquiring another company or business, changing operating or marketing strategies, adopting or not adopting, certain types of anti-takeover measures and restructuring the company’s capitalization or dividend policy.

Each of the Reporting Persons intends to adhere to the foregoing investment philosophy with respect to the Issuer. However, none of the Reporting Persons intends to seek control of the Issuer or participate in the management of the Issuer, and any Reporting Person that is registered as an investment company under the 1940 Act will participate in such a transaction only following receipt of an exemption from the SEC under Rule 17d-1 under the 1940 Act, if required, and in accordance with other applicable law. In pursuing this investment philosophy, each Reporting Person will continuously assess the Issuer’s business, financial condition, results of operations and prospects, general economic conditions, the securities markets in general and those for the Issuer’s securities in particular, other developments and other investment opportunities, as well as the investment objectives and diversification requirements of its shareholders or clients and its fiduciary duties to such shareholders or clients. Depending on such assessments, one or more of the Reporting Persons may acquire additional Securities or may determine to sell or otherwise dispose of all or some of its holdings of Securities. Although the Reporting Persons share the same basic investment philosophy and although most portfolio decisions are made by or under the supervision of Mario Gabelli, the investment objectives and diversification requirements of various clients differ from those of other clients so that one or more Reporting Persons may be acquiring Securities while others are disposing of Securities.

With respect to voting of the Securities, the Reporting Persons have adopted general voting policies relating to voting on specified issues affecting corporate governance and shareholder values. Under these policies, the Reporting Persons generally vote all securities over which they have voting power in favor of cumulative voting, financially reasonable golden parachutes, one share one vote, management cash incentives and pre-emptive rights and against greenmail, poison pills, supermajority voting, blank check preferred stock and super-dilutive stock options. Exceptions may be made when management otherwise demonstrates superior sensitivity to the needs of shareholders. In the event that the aggregate voting position of all joint filers shall exceed 25% of the total voting position of the issuer then the proxy voting committees of each of the Funds shall vote their Fund's shares independently.

Each of the Covered Persons who is not a Reporting Person has purchased the Securities reported herein as beneficially owned by him for investment for his own account or that of one or more members of his immediate family. Each such person may acquire additional Securities or dispose of some or all of the Securities reported herein with respect to him.

Other than as described above, none of the Reporting Persons and none of the Covered Persons who is not a Reporting Person has any present plans or proposals which relate to or would result in any transaction, change or event specified in clauses (a) through (j) of Item 4 of Schedule 13D.

Item 5. Interest In Securities Of The Issuer

(a) The aggregate number of Securities to which this Schedule 13D relates is 1,654,541 shares, representing 5.75% of the 28,771,405 shares outstanding as reported in the Issuer's most recent Form 10-K for the fiscal year ended September 30, 2009. The Reporting Persons beneficially own those Securities as follows:

Name	Shares of Common Stock	% of Class of Common
GAMCO	1,000,458	3.48%
Gabelli Funds	389,000	1.35%
GSI	8,500	0.03%
MJG Associates	2,000	0.01%
Teton Advisors	251,583	0.87%
Mario Gabelli	3,000	0.01%

Mario Gabelli is deemed to have beneficial ownership of the Securities owned beneficially by each of the foregoing persons. GSI is deemed to have beneficial ownership of the Securities owned beneficially by Gabelli & Company. GBL and GGCP are deemed to have beneficial ownership of the Securities owned beneficially by each of the foregoing persons other than Mario Gabelli and the Foundation.

(b) Each of the Reporting Persons and Covered Persons has the sole power to vote or direct the vote and sole power to dispose or to direct the disposition of the Securities reported for it, either for its own benefit or for the benefit of its investment clients or its partners, as the case may be, except that (i) GAMCO does not have the authority to vote 42,000 of the reported shares, (ii) Gabelli Funds has sole dispositive and voting power with respect to the shares of the Issuer held by the Funds so long as the aggregate voting interest of all joint filers does not exceed 25% of their total voting interest in the Issuer and, in that event, the Proxy Voting Committee of each Fund shall respectively vote that Fund's shares, (iii) at any time, the Proxy Voting Committee of each such Fund may take and exercise in its sole discretion the entire voting power with respect to the shares held by such fund under special circumstances such as regulatory considerations, and (iv) the power of Mario Gabelli, GBL, and GGCP is indirect with respect to Securities beneficially owned directly by other Reporting Persons.

(c) Information with respect to all transactions in the Securities which were effected during the past sixty days or since the most recent filing on Schedule 13D, whichever is less, by each of the Reporting Persons and Covered Persons is set forth on Schedule II annexed hereto and incorporated herein by reference.
(d) The investment advisory clients of, or partnerships managed by, GAMCO, Gabelli Funds, Teton Advisors and MJG Associates have the sole right to receive and, subject to the notice, withdrawal and/or termination provisions of such advisory contracts and partnership arrangements, the sole power to direct the receipt of dividends from, and the proceeds of sale of, any of the Securities beneficially owned by such Reporting Persons on behalf of such clients or partnerships. Except as noted, no such client or partnership has an interest by virtue of such relationship that relates to more than 5% of the Securities.
(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

The powers of disposition and voting of Gabelli Funds, Teton Advisers, GAMCO, GSI and MJG Associates with respect to Securities owned beneficially by them on behalf of their investment advisory clients, and of MJG Associates and GSI with respect to Securities owned beneficially by them on behalf of the partnerships which they directly or indirectly manage, are held pursuant to written agreements with such clients, partnerships and funds.

Item 7. Material to be Filed as an Exhibit

The following Exhibit A is attached hereto. The following Exhibit B is incorporated by reference to Exhibit A in the Amendment No. 2 to Schedule 13D of the Reporting Persons with respect to Lifecore Biomedical, Inc.

Exhibit A: Joint Filing Agreement

Exhibit B: Powers of Attorney to Peter D. Goldstein, Christopher J. Michailoff, and Douglas R. Jamieson from Mario J. Gabelli

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Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: December 21, 2009

GGCP, INC.
MARIO J. GABELLI
MJG ASSOCIATES, INC.

By:/s/ Douglas R. Jamieson
Douglas R. Jamieson
Attorney-in-Fact

GABELLI FUNDS, LLC
TETON ADVISORS, INC.

By:/s/ Bruce N. Alpert
Bruce N. Alpert
Chief Operating Officer – Gabelli Funds, LLC
Chairman – Teton Advisors, Inc.

GAMCO ASSET MANAGEMENT INC.
GAMCO INVESTORS, INC.
GABELLI SECURITIES, INC.

By:/s/ Douglas R. Jamieson
Douglas R. Jamieson
President & Chief Operating Officer – GAMCO Investors, Inc.
President – GAMCO Asset Management Inc.
President – Gabelli Securities, Inc.

Schedule I

Information with Respect to Executive
Officers and Directors of the Undersigned

Schedule I to Schedule 13D is amended, in pertinent part, as follows:

The following sets forth as to each of the executive officers and directors of the undersigned: his name; his business address; his present principal occupation or employment and the name, principal business and address of any corporation or other organization in which such employment is conducted. Unless otherwise specified, the principal employer of each such individual is GAMCO Asset Management Inc., Gabelli Funds, LLC, Gabelli Securities, Inc., Gabelli & Company, Inc., Teton Advisors, Inc., or GAMCO Investors, Inc., the business address of each of which is One Corporate Center, Rye, New York 10580, and each such individual identified below is a citizen of the United States. To the knowledge of the undersigned, during the last five years, no such person has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors), and no such person was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which he was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities law or finding any violation with respect to such laws except as reported in Item 2(d) and (e) of this Schedule 13D.

GGCP, Inc.	
Directors:	
Vincent J. Amabile	Business Consultant
Mario J. Gabelli	Chief Executive Officer of GGCP, Inc., and Chairman & Chief Executive Officer of GAMCO Investors, Inc.; Director/Trustee of all registered investment companies advised by Gabelli Funds, LLC.
Marc J. Gabelli	Chairman of The LGL Group, Inc.
Matthew R. Gabelli	Vice President – Trading Gabelli & Company, Inc. One Corporate Center Rye, New York 10580
Charles C. Baum	Secretary & Treasurer United Holdings Co., Inc. 2545 Wilkens Avenue Baltimore, MD 21223
Douglas R. Jamieson	See below
Joseph R. Rindler, Jr.	Account Executive for GAMCO Asset Management Inc.
Fredric V. Salerno	Chairman; Former Vice Chairman and Chief Financial Officer Verizon Communications
Vincent Capurso	Vice President Taxes, Barnes & Noble, Inc.
Vincent S. Tese	Former Director GAMCO Investors, Inc.
Michael Gabelli	Director
John Gabelli	Director
Officers:	
Mario J. Gabelli	Chief Executive Officer and Chief Investment Officer
Michael G. Chieco	Chief Financial Officer, Secretary
Silvio A. Berni	Vice President, Assistant Secretary
GAMCO Investors, Inc.	
Directors:	
Edwin L. Artzt	Former Chairman and Chief Executive Officer

	Procter & Gamble Company 900 Adams Crossing Cincinnati, OH 45202
Raymond C. Avansino	Chairman & Chief Executive Officer E.L. Wiegand Foundation Reno, NV 89501
Richard L. Bready	Chairman and Chief Executive Officer Nortek, Inc. 50 Kennedy Plaza Providence, RI 02903
Mario J. Gabelli	See above
Elisa M. Wilson	Director
Eugene R. McGrath	Former Chairman and Chief Executive Officer Consolidated Edison, Inc.
Robert S. Prather	President & Chief Operating Officer Gray Television, Inc. 4370 Peachtree Road, NE Atlanta, GA 30319

Officers:

Mario J. Gabelli	Chairman and Chief Executive Officer
Douglas R. Jamieson	President and Chief Operating Officer
Henry G. Van der Eb	Senior Vice President
Bruce N. Alpert	Senior Vice President
Agnes Mullady	Senior Vice President
Jeffrey M. Farber	Executive Vice President and Chief Financial Officer
Christopher Michailoff	Acting Secretary

GAMCO Asset Management Inc.
Directors:

Douglas R. Jamieson
Regina M. Pitaro
William S. Selby

Officers:

Mario J. Gabelli	Chief Investment Officer – Value Portfolios

Douglas R. Jamieson	President
Jeffrey M. Farber	Chief Financial Officer
Christopher J. Michailoff	General Counsel and Secretary

Gabelli Funds, LLC
Officers:

Mario J. Gabelli	Chief Investment Officer – Value Portfolios
Bruce N. Alpert	Executive Vice President and Chief Operating Officer
Agnes Mullady	Vice President and President Closed-End Fund Division

Teton Advisors, Inc.
Directors:

Bruce N. Alpert	Chairman
Douglas R. Jamieson	See above
Nicholas F. Galluccio	Chief Executive Officer and President
Alfred W. Fiore	1270 Avenue of the Americas 20th Floor New York, NY 10020
Edward T. Tokar	Beacon Trust Senior Managing Director 333 Main Street Madison, NJ 07940
Howard F. Ward	Portfolio Manager GAMCO Investors, Inc. One Corporate Center Rye, NY 10580

Officers:

Bruce N. Alpert	See above
Nicholas F. Galluccio	See above

Jeffrey M. Farber	Chief Financial Officer

Gabelli Securities, Inc.

Directors:

Robert W. Blake	President of W. R. Blake & Sons, Inc. 196-20 Northern Boulevard Flushing, NY 11358
Douglas G. DeVivo	General Partner of ALCE Partners, L.P. One First Street, Suite 16 Los Altos, CA 94022
Douglas R. Jamieson	President

Officers:

Douglas R. Jamieson	See above
Christopher J. Michailoff	Secretary
Jeffrey M. Farber	Chief Financial Officer

Gabelli & Company, Inc.
Directors:

James G. Webster, III	Chairman & Interim President
Irene Smolicz	Senior Trader Gabelli & Company, Inc.

Officers:

James G. Webster, III	See Above
Bruce N. Alpert	Vice President - Mutual Funds
Diane M. LaPointe	Treasurer
Douglas R. Jamieson	Secretary

Gabelli Foundation, Inc.
Officers:

Mario J. Gabelli	Chairman, Trustee & Chief Investment Officer
Elisa M. Wilson	President

MJG-IV Limited Partnership
Officers:

Mario J. Gabelli	General Partner

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SCHEDULE II
INFORMATION WITH RESPECT TO
TRANSACTIONS EFFECTED DURING THE PAST SIXTY DAYS OR
SINCE THE MOST RECENT FILING ON SCHEDULE 13D (1)

DATE	SHARES PURCHASED SOLD(-)	AVERAGE PRICE(2)
COMMON STOCK-STEAK N SHAKE CO		
GABELLI SECURITIES, INC.		
12/16/09	3,500	13.9881
GAMCO ASSET MANAGEMENT INC.		
12/18/09	3,000	14.2144
12/18/09	500	14.1400
12/18/09	41,300	14.4718
12/17/09	1,000	13.8699
12/17/09	3,500	13.8910
12/16/09	500	14.0303
12/16/09	2,000	14.1370
12/16/09	3,000	13.8363
12/16/09	500	13.8660
12/16/09	27,300	13.9470
12/15/09	4,000	12.8560
12/04/09	500	11.5324
11/27/09	1,000	11.5862
11/16/09	16,000-	12.0795
11/06/09	1,723	11.9605
10/23/09	4,000-	12.1197
TETON ADVISORS, INC.		
12/18/09	68,400	14.2071
12/18/09	50,000	14.3809
12/16/09	50,000	13.9645
12/15/09	34,600	13.0444
11/25/09	2,259	11.8158
GABELLI FUNDS, LLC.		
GABELLI SMALL CAP GROWTH FUND		
12/18/09	41,000	14.4718

(1) UNLESS OTHERWISE INDICATED, ALL TRANSACTIONS WERE EFFECTED ON THE NYSE.

(2) PRICE EXCLUDES COMMISSION.

Exhibit A

JOINT FILING AGREEMENT

In accordance with Rule 13d-1(f) under the securities Exchange Act of 1934, as amended, the undersigned hereby agree to the joint filing with all other Reporting Entities (as such term is defined in the Schedule 13D referred to below) on behalf of each of them of a statement on Schedule 13D (including amendments thereto) with respect to the Common Stock The Steak N Shake Company, and that this Agreement be included as an Exhibit to such joint filing. This Agreement may be executed in any number of counterparts all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned hereby execute this Agreement this December 21, 2009.

MARIO J. GABELLI
GGCP, INC.
MJG ASSOCIATES, INC.
GABELLI FOUNDATION, INC.
MJG-IV LIMITED PARTNERSHIP

By:/s/ Douglas R. Jamieson
Douglas R. Jamieson
Attorney-in-Fact

GABELLI FUNDS, LLC
TETON ADVISORS, INC.
GABELLI & COMPANY, INC.

By: /s/ Bruce N. Alpert
Bruce N. Alpert
Chief Operating Officer – Gabelli Funds, LLC
Chairman – Teton Advisors, Inc.
Vice President – Gabelli & Company, Inc.

GAMCO ASSET MANAGEMENT INC.
GAMCO INVESTORS, INC.
GABELLI SECURITIES, INC.

By:/s/ Douglas R. Jamieson
Douglas R. Jamieson
President & Chief Operating Officer – GAMCO Investors, Inc.
President – GAMCO Asset Management Inc.

Vice President – Gabelli Securities, Inc.