

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 30, 2000

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File number 1-15583

DELTA APPAREL, INC.

(Exact name of registrant as specified in its charter)

GEORGIA

58-2508794

(State or other jurisdiction of
Incorporation or organization)

(I.R.S. Employer
Identification No.)

2750 Premiere Parkway, Suite 100
Duluth, Georgia 30097

(Address of principal executive offices) (Zip Code)

(678) 775-6900

(Registrant's telephone number, including area code)

(Not Applicable)

(Former name, former address and former fiscal year, if changed since last
report.)

Indicate by check mark whether the registrant (1) has filed all reports required
to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during
the preceding 12 months (or for such shorter period that the registrant was
required to file such reports), and (2) has been subject to such filing
requirements for the past 90 days.

Yes No .

As of January 24, 2001, there were outstanding 2,411,743 shares of the
registrant's common stock, par value of \$0.01, which is the only class of the
outstanding common or voting stock of the registrant.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

DELTA APPAREL, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets
(in thousands, except shares and per share amounts)
(Unaudited)

<TABLE>
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30,	July 1,	December
2000	2000	2000
-	-----	-----
<S>	<C>	<C>
<C>	<C>	<C>
Assets		
Current assets:		
415	Cash	\$ 218
22,115	Accounts receivable, net	18,190
28,207	Inventories	39,508
1,186	Prepaid expenses and other current assets	1,188
-	Deferred income taxes	516
-	Income tax receivable	930
-	-----	-----
51,923	Total current assets	60,550
Property, plant and equipment, net		
26,871		24,655
Other assets		
313		206
-	-----	-----
79,107	Total assets	\$ 85,411

=====

		Liabilities and Stockholders' Equity	
Current liabilities:			
15,116	Accounts payable and accrued expenses		\$ 14,250
2,000	Current portion of long-term debt		2,000
-			-----
17,116	Total current liabilities		16,250
	Long-term debt		9,642
7,667			
522	Other liabilities		724
-	Noncurrent deferred income taxes		22
-			-----
25,305	Total liabilities		26,638
-			-----
Stockholders' equity:			
-	Preferred stock, 2,000,000 shares authorized; none issued and outstanding		-
24	Common stock, par value \$0.01 a share, 7,500,000 shares authorized, 2,411,743 and 2,399,863 issued and outstanding at December 30, 2000 and July 1, 2000, respectively.		24
53,778	Additional paid-in capital		53,889
-	Retained earnings		4,912
-			-----
53,802			58,825
-	Less treasury stock, at cost (3,300 shares)		(52)
-			-----
53,802	Total stockholders' equity		58,773
-			-----
79,107	Total liabilities and stockholders' equity		\$ 85,411

See accompanying notes to condensed consolidated financial statements.
</TABLE>

DELTA APPAREL, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations
(in thousands, except shares and per share amounts)
(Unaudited)

<TABLE>
<CAPTION>

Six Months Ended		Three Months Ended	
-----		-----	
December 30,	January 1,	December 30,	January 1,
2000	2000	2000	2000

		<C>	<C>	<C>
<S>				
<C>				
Net sales		\$ 26,370	21,562	\$
57,019	50,221			
Cost of goods sold		21,653	18,545	
45,062	43,511			
	Gross profit	4,717	3,017	
11,957	6,710			
Selling, general and administrative expenses		2,345	1,681	
4,789	3,563			
Provision for bad debts		417	92	
633	116			
Other (income)/expense		(8)	1	
(14)	12			
	Operating income	1,963	1,243	
6,549	3,019			
Interest expense, net		261	2,074	
556	4,286			
	Income (loss) before income taxes	1,702	(831)	
5,993	(1,267)			
Provision for income taxes		305	(82)	
1,079	(59)			
	Net income (loss)	\$ 1,397	(749)	\$
4,914	(1,208)			
=====				
Weighted average shares outstanding (2000 Proforma):				
	Basic	2,411,679	2,386,400	
2,409,775	2,383,200			
	Diluted	2,453,363	2,386,400	
2,451,438	2,383,200			
=====				
Net income (loss) per common share (2000 Proforma):				
	Basic	\$ 0.58	\$ (0.31)	\$
2.04	\$ (0.51)			
	Diluted	\$ 0.57	\$ (0.31)	\$
2.00	\$ (0.51)			
=====				

See accompanying notes to condensed consolidated financial statements.
</TABLE>

DELTA APPAREL, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

<TABLE>
<CAPTION>

Months Ended
January 1,
2000

Six
December 30,
2000

<S>	<C>
Cash flows from operating activities:	
Net income (loss)	\$ 4,914
(1,208)	
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:	
Depreciation and amortization	3,312
3,293	
Deferred income taxes	(494)
-	
Loss on sale of property and equipment	1
6	
Other	-
38	
Changes in operating assets and liabilities:	
Accounts receivable	3,925
10,326	
Inventories	(11,301)
(2,415)	
Prepaid expenses and other current assets	(45)
(42)	
Other noncurrent assets	107
44	
Accounts payable and accrued expenses	(756)
301	
Other liabilities	202
-	
Income taxes payable	(930)
312	
-----	-----
Net cash (used in) provided by operating activities	(1,065)
10,655	
Cash flows used in investing activities:	
Purchases of property, plant and equipment	(1,096)
(1,017)	
Proceeds from sale of property, plant and equipment	43
17	
-----	-----
Net cash used in investing activities	(1,053)
(1,000)	
Cash flows (used in) provided by financing activities:	
Proceeds from/(repayment of) long-term financing	1,975
(120)	
Change in due to related parties, net	-
(9,868)	
Dividends paid	(2)
-	
Repurchase common stock	(52)
-	
-----	-----
Net cash (used in) provided by financing activities	1,921
(9,988)	
-----	-----
Net decrease in cash	(197)
(333)	
Cash balance at beginning of period	415
402	
-----	-----
Cash balance at end of period	\$ 218
69	
=====	=====
Supplemental cash flow information:	
Cash paid during the period for interest	\$ 537
11	
	=====

=====	Cash paid during the period for income taxes	\$ 2,503
-		
=====		=====
=====	Noncash financing activity--issuance of common stock	\$ 110
-		
=====		=====

See accompanying notes to condensed consolidated financial statements.
</TABLE>

DELTA APPAREL, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note A--Basis of Presentation

Prior to June 30, 2000, Delta Apparel, Inc. (together with its predecessors, the "Company") was a wholly owned subsidiary of Delta Woodside Industries, Inc. ("Delta Woodside" or the "Parent"). In connection with a plan to separate its two apparel businesses, Delta Woodside transferred to the Company the assets, liabilities, and operations of its apparel business previously conducted by the following divisions or subsidiaries of Delta Woodside: Delta Apparel Company and the Edgefield yarn plant. Effective June 30, 2000, Delta Woodside distributed all the common stock of the Company to the Delta Woodside stockholders (the "Distribution"). In connection with the Distribution, Delta Woodside contributed, as contributions to capital, all net debt amounts owed to it by the Company, with certain exceptions. Borrowings related to the Company under Delta Woodside's credit agreement were repaid with the proceeds from borrowings under the Company's new credit agreement.

The interim condensed consolidated financial statements for the three months and six months ended December 30, 2000 and January 1, 2000, included herein, have been prepared in accordance with the instructions for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of only normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months and six months ended December 30, 2000 are not necessarily indicative of the results that may be expected for the year ending June 30, 2001. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended July 1, 2000, filed with the Securities and Exchange Commission.

Note B--Inventories

Inventories consist of the following:

	December 30, 2000	July 1, 2000
Raw materials	\$ 2,977	2,785
Work in process	16,145	11,903
Finished goods	20,386	13,519
	-----	-----
	\$ 39,508	28,207
	=====	=====

Note C--Income Taxes

The effective income tax rate on pretax income for the six months ended December 30, 2000 was 18.0%, compared to 1.3% for the fiscal year ended July 1, 2000. Based on results to date and projections for the remainder of fiscal year 2001, the Company expects to use its remaining federal net operating loss carryforwards and be subject to income taxes on a portion of its income. Based on these projections, management estimates that the valuation allowances on the tax benefit resulting from net operating loss carryforwards will be reduced or eliminated, resulting in an annualized forecasted effective income tax rate of 18.0%.

Note D--Cotton Procurements

The Company has entered into agreements, and has fixed prices, to purchase cotton for use in its manufacturing operations. At December 30, 2000, minimum payments under these contracts with non-cancelable contract terms were \$9,884.

Note E--Computation of Basic and Diluted Net Earnings per Share (EPS) and Proforma EPS

Basic net earnings per share is calculated by dividing the net earnings by the weighted average common shares outstanding of Delta Apparel, Inc. For the purposes of earnings per share, the diluted weighted average common shares outstanding includes the shares covered by options or awards granted under the Company's Stock Option Plan and the Company's Incentive Stock Award Plan.

Proforma net earnings per share is calculated by dividing the net earnings by the weighted average common shares outstanding of Delta Woodside Industries, Inc., adjusted for the distribution ratio assuming that shares distributed in the Distribution were outstanding for the three and six months ended January 1, 2000.

The weighted average shares do not include securities that would be anti-dilutive for each of the periods presented.

Note F--Stockholders' Equity

On November 1, 2000, the Board of Directors authorized the repurchase by the Company in open market transactions of up to \$3.0 million of Delta Apparel common stock ("Stock Repurchase Program"). All purchases are made at the discretion of management in accordance with IRS guidelines for share repurchases after a spin-off. In connection with the Stock Repurchase Program, during the three months ended December 30, 2000, the Company purchased 3,300 shares of Delta Apparel common stock for an aggregate of \$52,000.

The Company also issued a \$2,412 dividend on November 30, 2000 in connection with the redemption of all of its outstanding rights under the Shareholder Rights Agreement dated January 27, 2000. The Redemption occurred pursuant to resolutions adopted by the Company's Board of Directors on November 1, 2000, which set the record date for the Redemption at November 16, 2000. Pursuant to the provisions of the Rights Agreement, the redemption price was \$0.001 per Right. The effect of the Redemption is that the Rights are no longer outstanding or exercisable.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion contains various "forward-looking statements". All statements, other than statements of historical fact, that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements. Examples are statements that concern future revenues, future costs, future capital expenditures, business strategy, competitive strengths, competitive weaknesses, goals, plans, references to future success or difficulties and other similar information. The words "estimate", "project", "forecast", "anticipate", "expect", "intend", "believe" and similar expressions, and discussions of strategy or intentions, are intended to identify forward-looking statements.

The forward-looking statements in this Quarterly Report are based on the Company's expectations and are necessarily dependent upon assumptions, estimates and data that the Company believes are reasonable and accurate but may be incorrect, incomplete or imprecise. Forward-looking statements are also subject to a number of business risks and uncertainties, any of which could cause actual results to differ materially from those set forth in or implied by the forward-looking statements. The risks and uncertainties include, among others, changes in the retail demand for apparel products, the cost of raw materials, competitive conditions in the apparel and textile industries, the relative strength of the United States dollar as against other currencies, changes in United States trade regulations and the discovery of unknown conditions (such as with respect to environmental matters and similar items). Accordingly, any forward-looking statements do not purport to be predictions of future events or circumstances and may not be realized.

The Company does not undertake publicly to update or revise the forward-looking statements even if it becomes clear that any projected results will not be

realized.

RESULTS OF OPERATIONS

Net sales in the second quarter of fiscal year 2001 increased 22.3% to \$26.4 million from the second quarter of the prior fiscal year. The increase in net sales was almost entirely the result of increased unit sales (up 21.6%, accounting for \$4.7 million). For the six months ended December 30, 2000, net sales were \$57.0 million, an increase of \$6.8 million, or 13.5%, from net sales in the six months ended January 1, 2000. The increase in net sales for the six month period is the result of increased unit sales (up 14.4%, accounting for \$7.2 million) offset by slightly lower prices (down 0.7%, accounting for \$0.4 million). As part of the marketing strategy to increase unit sales and increase the sales of higher margin products, the Company lowered the sales prices of some key products to generate increased sales volume. For fiscal year 2001, the Company currently projects sales growth at an annualized rate of approximately 10% and an operating profit growth of approximately 20% over the prior fiscal year. The Company's midrange sales expectations for the balance of fiscal year 2001 are dependent on no additional material declines in pricing.

Gross profit increased to \$4.7 million, or 17.9% of sales, in the three months ended December 30, 2000 from \$3.0 million, or 14.0% of sales, in the same period of fiscal 2000. For the first six months of fiscal year 2001, gross profit was \$12.0 million, or 21.0% of sales, an increase of \$5.2 million from the first six months of fiscal year 2000. The increased gross profit in the three and six months ended December 30, 2000 was the result of increased volume and the change of the product mix towards the sale of higher margin products.

Selling, general and administrative expenses for the quarter ended December 30, 2000 were \$2.8 million, or 10.5% of sales, an increase of \$1.0 million, or 8.2% of sales, in the same quarter of last year. During the second quarter of fiscal year 2001, the Company incurred \$0.2 million in legal and other fees successfully defending itself against a proxy contest and increased bad debt reserves by \$3 million due to the Chapter 11 filing of a customer. Commissions also increased by \$0.2 million resulting from the increased sales of higher margin products. For the six months ended December 30, 2000, selling, general and administrative expenses were 9.5% of sales, an increase from 7.3% of sales for the six months ended January 1, 2000. The increase was primarily due to the move of the corporate headquarters, the proxy contest, higher commission expense resulting from the increased sales of higher margin products, public reporting expenses, an increase in distribution expense and increased bad debt expense.

The Company's operating income increased \$0.7 million to \$2.0 million for the second quarter of fiscal year 2001, an increase of 57.9% from the same quarter of fiscal year 2000. For the six months ended December 30, 2000, operating income increased 116.9% to \$6.5 million from the six months ended January 1, 2000. Improved gross profit, offset by slightly higher selling, general and administrative costs contributed to the improvement in operating income.

For the three months ended December 30, 2000, net interest expense was \$0.3 million, as compared to \$2.1 million for the three months ended January 1, 2000. Net interest expense for the six months ended December 30, 2000 was \$0.6 million, a decrease of \$3.7 million from the same period of fiscal year 2000. This reduction was a result of the contribution to equity of intercompany debt in connection with the spin-off from Delta Woodside Industries, Inc. on June 30, 2000.

The effective income tax rate on pretax income for the three months and six months ended December 30, 2000 was 18.0% compared to 1.3% for the fiscal year ended July 1, 2000. Based on results to date and projections for the remainder of fiscal year 2001, the Company expects to use its remaining federal net operating loss carryforwards and be subject to income taxes on a portion of its income. Based on these projections, management estimates that the valuation allowances on the tax benefit resulting from net operating loss carryforwards will be reduced or eliminated, resulting in an annualized forecasted effective income tax rate of 18.0%.

Net income for the second quarter of fiscal year 2001 was \$1.4 million, or 5.3% of sales compared to a net loss of \$0.7 million for the second quarter of fiscal year 2000. For the six months ended December 30, 2000, net income increased \$6.1 million to \$4.9 million from the loss in the six months ended January 1, 2000. The improved net income was due to the factors described above.

Delta Apparel's order backlog at December 30, 2000 was \$12.8 million, a \$0.4

million decrease from the \$13.2 million order backlog at January 1, 2000. The decrease in backlog is due to the reduction of forward purchase commitments given by distributors and the increase in short notice orders from catalog customers. This is the result of the decrease in sales to distributors from approximately 34% of sales in the first six months of fiscal 2000 to 24% of sales in the first six months of fiscal 2001. As a growing percentage of the Company's goods are sold on an immediate shipment basis, Delta Apparel believes that backlog order levels may no longer give a general indication of future sales.

Inventories at December 30, 2000 totaled \$39.5 million, compared to \$28.2 million at July 1, 2000. The increase in inventories is due to an increase in manufacturing capacity which will allow the Company to meet its projected sales growth. The Company will continue to build its inventory levels as it prepares for its anticipated sales growth for the balance of the fiscal year.

Capital expenditures in the three months ended December 30, 2000 were \$0.7 million as compared to \$0.9 million in the three months ended January 1, 2000. For the first six months of fiscal year 2001, capital expenditures were \$1.1 million which was consistent with the first six months of fiscal year 2000. The expenditures in fiscal year 2001 were primarily related to E-commerce and the Company's expansion into Mexico.

LIQUIDITY AND CAPITAL RESOURCES

Delta Apparel's operating activities used cash of \$1.1 million in the first six months of fiscal year 2001. The cash used was primarily the result of an increase in inventory and a decrease in accrued expenses, offset by net income and a reduction in receivables.

In mid-May 2000, Delta Apparel entered into a credit agreement with a lending institution, under which the lender provided Delta Apparel with a \$10 million term loan and a 3-year \$25 million revolving credit facility. All loans under the credit agreement bear interest at rates based on an adjusted LIBOR rate plus an applicable margin or a bank's prime rate plus an applicable margin. Delta Apparel granted the lender a first mortgage lien on or security interest in substantially all of its assets. Delta Apparel has the option to increase the revolving credit facility from \$25 million to \$30 million, provided that no event of default exists under the facility.

Delta Apparel expects that its peak borrowing needs will be in its third fiscal quarter and that during that quarter it may need to draw on the revolver or set aside for letters of credit approximately \$10.0 million under its revolving credit facility for working capital purposes and letters of credit. At December 30, 2000, the Company had \$3.0 million outstanding under the revolving credit facility at an interest rate of 9.5%. The interest rate at December 30, 2000 on the term loan was 8.74%.

Based on these expectations, Delta Apparel believes that its \$25 million revolving credit facility should be sufficient to satisfy its foreseeable working capital needs, and that the cash flow generated by its operations and funds available under its revolving creditline should be sufficient to service its debt payment requirements, to satisfy its day-to-day working capital needs and to fund its planned capital expenditures. Any material deterioration in Delta Apparel's results of operations, however, may result in Delta Apparel losing its ability to borrow under its revolving credit facility and to issue letters of credit to suppliers or may cause the borrowing availability under that facility to be insufficient for Delta Apparel's needs.

On November 1, 2000, the Board of Directors authorized the repurchase by the Company in open market transactions of up to \$3.0 million of Delta Apparel common stock ("Stock Repurchase Program"). All purchases are made at the discretion of management in accordance with IRS guidelines for share repurchases after a spin-off. In connection with the Stock Repurchase Program, during the three months ended December 30, 2000, the Company purchased 3,300 shares of Delta Apparel common stock for an aggregate of \$52,000. The Company has authorization to spend up to \$3 million under its bank credit agreement for share repurchases.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

COMMODITY RISK SENSITIVITY

The Company purchases cotton from approximately seven established merchants with whom it has long standing relationships. The majority of the Company's purchases

are executed using "on-call" contracts. These on-call arrangements are used to insure that an adequate supply of cotton is available for the Company's requirements. Under on-call contracts, the Company agrees to purchase specific quantities for delivery on specific dates, with pricing to be determined at a later time. Prices are set according to prevailing prices, as reported by the New York Cotton Exchange, at the time of the Company's election to fix specific contracts.

Cotton on-call with a fixed price at December 30, 2000 was valued at \$9.9 million, and is scheduled for delivery between January, 2001 and September, 2001. At December 30, 2000, the Company had unpriced contracts for deliveries between April, 2001 and September, 2001. Based on the prevailing price at December 30, 2000, the value of these unpriced commitments is approximately \$4.3 million. Daily price fluctuations are minimal, yet long-term trends in price movement can result in unfavorable pricing of cotton for Delta Apparel. Delta Apparel does not use financial instruments to hedge commodity price risk. At December 30, 2000, a 10% decline in the market price of the cotton covered by Delta Apparel's fixed price contracts would have had a negative impact of approximately \$1.0 million on the value of the contracts.

INTEREST RATE SENSITIVITY

Delta Apparel's credit agreement provides that the interest rate on outstanding amounts owed shall bear interest at variable rates. If the amount of outstanding indebtedness at December 30, 2000 under the revolver and term loan had been the amount outstanding during the entire three months ended December 30, 2000 and the interest rate on this outstanding indebtedness had been increased by 1%, Delta Apparel's expense would have been approximately \$29,000, or 11.1%, higher during the quarter. The actual increase in interest expense resulting from a change in interest rates would depend on the magnitude of the increase in rates and the average principal balance outstanding.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company previously reported a product liability and wrongful death lawsuit, captioned Scelza, et al. v. Caldor, Inc., et al. This case was settled and the full amount of the settlement and legal fees were covered by insurance.

On December 4, 2000, the Company was notified about a product liability lawsuit, captioned Holly Shipp, et al. v. Chico Unified School District, et al. that was filed in the Superior Court of the State of California in Butte County, California, against the Company and other parties. The lawsuit seeks an unknown amount of damages plus punitive damages and attorneys' fees for the injury sustained by Holly Shipp in September, 1999 caused by her shirt catching fire while she was in welding class. The case is still in the preliminary stages and very little discovery has been completed. Delta Apparel believes that any reasonably likely judgment in the lawsuit would be covered by insurance and, therefore, does not believe that the lawsuit will have a material adverse effect on Delta Apparel's operations, financial condition or liquidity.

Item 2. Changes in Securities and Use of Proceeds

On November 28, 2000 the Company issued an aggregate of 100 shares of the Company's common stock to employees of the Company in appreciation for their service to the Company. The Company believes that the issuance of these shares to employees was exempt from registration under the Securities Act of 1933, as amended, by reason of Section 4(2) of that Act.

On November 30, 2000, the Company redeemed (the "Redemption") all of its outstanding rights (the "Rights"), the terms of which are set forth in that certain Shareholder Rights Agreement dated January 27, 2000 (the "Rights Agreement"), by and between the Company and First Union National Bank, as rights agent. The Rights Agreement and the Rights are commonly referred to as a "poison pill." Prior to their redemption, one Right was attached to each share of the Company's issued and outstanding common stock, and the Rights were exercisable only upon the occurrence of certain events as provided in the Rights Agreement. The Redemption occurred pursuant to resolutions adopted by the Company's Board of Directors on November 1, 2000, which set the record date for the Redemption at November 16, 2000. Pursuant to the provisions of the Rights Agreement, the redemption price was \$0.001 per Right. The effect of the Redemption is that the Rights are no longer outstanding or exercisable.

Item 4. Submission of Matters to a Vote of Security Holders

The following summarizes the votes at the Annual Meeting of the Company's shareholders held on November 7, 2000:

<TABLE>
<CAPTION>

Broker	Election of Directors	For	Against	Withheld	Abstentions
Nonvotes					
<S>		<C>	<C>	<C>	<C>
<C>					
William F. Garrett		1,658,660	N/A	8,100	N/A
N/A					
C.C. Guy		1,658,655	N/A	8,105	N/A
N/A					
Robert W. Humphreys		1,658,630	N/A	8,130	N/A
N/A					
Dr. James F. Kane		1,658,615	N/A	8,145	N/A
N/A					
Dr. Max Lennon		1,658,618	N/A	8,142	N/A
N/A					
E. Erwin Maddrey, II		1,658,658	N/A	8,102	N/A
N/A					
Buck A. Mickel		1,658,658	N/A	8,102	N/A
N/A					
Donald P. Howard		414,307	N/A	375	N/A
N/A					
Jack J. Jackson		414,307	N/A	375	N/A
N/A					
Talmdge Knight		414,307	N/A	375	N/A
N/A					
Bettis C. Rainsford		414,307	N/A	375	N/A
N/A					
Roger H. Timpson		414,296	N/A	386	N/A
N/A					
Grace G. Young		414,307	N/A	375	N/A
N/A					
Ratification of Appointment of KPMG LLP as Independent Auditors for Fiscal Year 2001		2,073,487	7,653	N/A	302
N/A					

</TABLE>

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

10.10 Employment Agreement between Delta Apparel, Inc. and Herbert M. Mueller dated November 7, 2000

10.11 Employment Agreement between Delta Apparel, Inc. and Martha M. Watson dated November 7, 2000

(b) No reports on Form 8-K were filed by the Company during the fiscal quarter ended December 30, 2000.

SIGNATURES

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

Delta Apparel, Inc.

(Registrant)

January 30, 2001

/s/ Herbert M. Mueller

By: Herbert M. Mueller
Vice President, Chief Financial Officer
and Treasurer

EXHIBIT 10.10

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement"), dated as of November 7, 2000, is by and between DELTA APPAREL, INC., a Georgia corporation (the "Company"), and HERBERT M. MUELLER, a Georgia resident ("Executive").

WHEREAS, Executive and the Company want to enter into a written agreement providing for the terms of Executive's employment by the Company.

NOW, THEREFORE, in consideration of the foregoing recital and of the mutual covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Employment. Executive agrees to continue his employment by the Company, and the Company agrees to employ Executive, on the terms and conditions set forth in this Agreement. Executive agrees during the term of this Agreement to devote substantially all of his business time, efforts, skills and abilities to the performance of his duties as stated in this Agreement and to the furtherance of the Company's business.

Executive's initial job title will be Vice President, Chief Financial Officer and Company Treasurer and his duties will be those as are designated by the Chief Executive Officer of the Company. Executive further agrees to serve, without additional compensation, as an officer or director, or both, of any subsidiary, division or affiliate of the Company or any other entity in which the Company holds an equity interest, provided, however, that (a) the Company shall indemnify Executive from liabilities in connection with serving in any such position to the same extent as his indemnification rights pursuant to the Company's Articles of Incorporation, By-laws and applicable Georgia law, and (b) such other position shall not materially detract from the responsibilities of Executive pursuant to this Section 1 or his ability to perform such responsibilities.

2. Compensation.

(a) Base Salary. During the term of Executive's employment with the Company pursuant to this Agreement, the Company shall pay to Executive as compensation for his services an annual base salary of not less than \$160,000.00 ("Base Salary"). Executive's Base Salary will be payable in arrears in accordance with the Company's normal payroll procedures and will be reviewed annually and subject to upward adjustment at the discretion of the Compensation Committee of the Company's Board of Directors.

(b) Incentive Bonus. During the term of Executive's employment with the Company pursuant to this Agreement, Executive shall be entitled to participate in the Company's Short Term Incentive Compensation Plan.

(c) Executive Perquisites. During the term of Executive's employment with the Company pursuant to this Agreement, Executive shall be entitled to receive such executive perquisites and fringe benefits as are provided to the executives in comparable positions and their families under any of the Company's plans and/or programs in effect from time to time and such other benefits as are customarily available to executives of the Company and their families, including without limitation vacations and life, medical and disability insurance.

(d) Tax Withholding. The Company has the right to deduct from any compensation payable to Executive under this Agreement social security (FICA) taxes and all federal, state, municipal or other such taxes or charges as may now be in effect or that may hereafter be enacted or required.

(e) Expense Reimbursements. The Company shall pay or reimburse Executive for all reasonable business expenses incurred or paid by Executive in the course of performing his duties hereunder, including but not limited to reasonable travel expenses for Executive. As a condition to such payment or reimbursement, however,

Executive shall maintain and provide to the Company reasonable documentation and receipts for such expenses.

3. Term. Unless sooner terminated pursuant to Section 4 of this Agreement, and subject to the provisions of Section 5 hereof, the term of this Agreement (the "Term") shall commence as of the date hereof and shall continue until December 31, 2003.

4. Termination. Notwithstanding the provisions of Section 3 hereof, but subject to the provisions of Section 5 hereof, Executive's employment under this Agreement shall terminate as follows:

(a) Death. Executive's employment shall terminate upon the death of Executive; provided, however, that the Company shall continue to pay (in accordance with its normal payroll procedures) the Base Salary to Executive's estate for a period of six months after the date of Executive's death.

(b) Termination for Cause. The Company may terminate Executive's employment at any time for "Cause" (as hereinafter defined) by delivering a written termination notice to Executive. For purposes of this Agreement, "Cause" shall mean any of: (i) Executive's conviction of a felony or a crime involving moral turpitude; (ii) Executive's commission of an act constituting fraud, deceit or material misrepresentation with respect to the Company; (iii) Executive's embezzlement of funds or assets from the Company; (iv) evidence sufficient to conclude that Executive is addicted to any alcoholic, controlled or illegal substance or drug; (v) Executive's commission of any act or omission of gross negligence or willful misconduct which would give the Company the right to terminate Executive's employment under applicable law; or (vi) Executive's failure to correct or cure any material breach of or default under this Agreement within ten days after receiving written notice of such breach or default from the Company.

(c) Termination Without Cause. The Company may terminate Executive's employment at any time for any or no reason by delivering a written termination notice to Executive.

(d) Termination by Executive. Executive may terminate his employment at any time by delivering sixty days prior written notice to the Company; provided, however, that the terms, conditions and benefits specified in Section 5 hereof shall apply or be payable to Executive only if such termination occurs as a result of a material breach by the Company of any provision of this Agreement.

(e) Termination Following Disability. In the event Executive becomes "disabled" (as defined in the Company's disability insurance policy) and is unable to perform his material duties and responsibilities hereunder for a period of at least ninety days in the aggregate during any one hundred twenty consecutive day period, the Company may terminate Executive's employment by delivering a written termination notice to Executive. Notwithstanding the foregoing, Executive shall continue to receive his full Base Salary and benefits under this Agreement for a period of six months after the effective date of such termination.

(f) Payments. Following any expiration or termination of this Agreement or Executive's employment hereunder, and in addition to any amounts owed pursuant to Section 5 hereof, the Company shall pay to Executive all amounts earned by Executive hereunder prior to the date of such expiration or termination.

5. Certain Termination Benefits. Subject to Section 6(a) hereof, in the event (i) the Company terminates Executive's employment without cause pursuant to Section 4(c) or (ii) Executive terminates his employment pursuant to Section 4(d) as a result of a material breach by the Company of any provision of this Agreement:

(a) Base Salary and Incentive Compensation. The Company shall continue to pay to Executive his Base Salary (as in effect as of the date of such termination) and Incentive Compensation (equal to the Incentive Compensation received for the most recent year) that would have been payable hereunder to Executive from the date of such termination for a period of twelve months following the termination.

(b) Life Insurance. The Company shall continue to provide Executive with group and additional life insurance coverage for a period of twelve months following termination at coverage levels equal to those applicable to

Executive immediately prior to such termination or as provided to other executive level employees during such twelve month period.

(c) Medical Insurance. The Company shall continue to provide Executive and his family with group medical insurance coverage under the Company's Medical Plans (as the same may change from time to time) or other substantially similar health insurance for a period of twelve months following termination at coverage levels equal to those applicable to Executive immediately prior to such termination or as provided to other executive level employees during such twelve month period or pay COBRA premiums during such twelve month period.

(d) Group Disability. The Company shall continue to provide Executive coverage under the Company's group disability plan, if any, for a period of twelve months following termination at coverage levels equal to those applicable to Executive immediately prior to such termination or as provided to other executive level employees during such twelve month period.

(e) Offset. Any fringe benefits received by Executive in connection with any other employment accepted by Executive that are reasonably comparable, even if not necessarily as beneficial, to Executive as the fringe benefits then being provided by the Company pursuant to paragraphs (c), (d) and (e) of this Section 5, shall be deemed to be the equivalent of, and shall terminate the Company's responsibility to continue providing, the fringe benefits package, taken as a whole, then being provided by the Company pursuant to paragraphs (c), (d) and (e) of this Section 5. The Company agrees that if Executive's employment with the Company is terminated, Executive shall have no duty to mitigate damages.

(f) Payment Default. Any amounts owed by Company to Executive under this Section 5 that are not paid when due shall bear interest at a rate of 10% per annum.

(g) General Release. Acceptance by Executive of any amounts pursuant to this Section 5 shall constitute a full and complete release by Executive of any and all claims Executive may have against the Company, its officers, directors and affiliates, including, but not limited to, claims he might have relating to Executive's cessation of employment with the Company; provided, however, that there may properly be excluded from the scope of such general release the following:

(i) claims that Executive may have against the Company for reimbursement of ordinary and necessary business expenses incurred by him during the course of his employment;

(ii) claims that may be made by the Executive for payment of Base Salary, bonuses, fringe benefits, stock upon vesting of inactive stock awards, stock upon exercise of stock options properly due to him, or other amounts or benefits due to him under this Agreement;

(iii) claims respecting matters for which the Executive is entitled to be indemnified under the Company's Certificate of Incorporation or Bylaws, respecting third party claims asserted or third party litigation pending or threatened against the Executive; or

(iv) claims Executive may have against the Company for violation of employment laws, including, without limitation, laws prohibiting discrimination against employees.

A condition to Executive's receipt of any amounts pursuant to this Section 5 shall be Executive's execution and delivery of a general release as described above. In exchange for such release, the Company shall, if Executive's employment is terminated without Cause, provide a release to Executive, but only with respect to claims against Executive which are actually known to the Company as of the time of such termination.

6. Effect of Change in Control.

(a) If within one year following a "Change of Control" (as hereinafter defined), Executive

terminates his employment with the Company for Good Reason (as hereinafter

defined) or the Company terminates Executive's employment for any reason other than Cause, death or disability, the Company shall pay to Executive: (1) an amount equal to one times the Executive's Base Salary as of the date of termination; (2) an amount equal to one times the average annual cash bonus paid to Executive for the one fiscal year immediately preceding the date of termination; (3) all benefits under the Company's various welfare and benefit plans, including retirement, group healthcare, dental and life, for the period equal to twelve months from the date of termination; and (4) outplacement assistance.

(b) "Change of Control" shall mean the date as of which: (i) there shall be consummated (1) any consolidation or merger of the Company other than a merger of the Company in which the holders of the Company's common stock immediately prior to the merger have the majority ownership of common stock of the surviving corporation immediately after the merger, or (2) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Company; or (ii) the stockholders of the Company approve any plan or proposal for the liquidation or dissolution of the Company; or (iii) any person (as such term is used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), shall become the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act) of 30% of the Company's outstanding common stock; or (iv) during any period of two consecutive years, individuals who at the beginning of such period constitute the entire board of directors of the Company shall cease for any reason to constitute a majority thereof unless the election, or the nomination for election by the Company's stockholders, of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period.

(c) "Good Reason" shall mean any of the following actions taken by the Company without the Executive's written consent after a Change of Control :

(i) the assignment to the Executive by the Company of duties inconsistent with, or the reduction of the powers and functions associated with, the Executive's position, duties, responsibilities and status with the Company immediately prior to a Change of Control or Potential Change of Control (as defined below), or an adverse change in Executive's titles or offices as in effect immediately prior to a Change of Control or Potential Change of Control, or any removal of the Executive from or any failure to re-elect Executive to any of such positions, except in connection with the termination of his employment for disability or Cause or as a result of Executive's death except to the extent that a change in duties relates to the elimination of responsibilities attendant to the Company's no longer being a publicly traded company;

(ii) A reduction by the Company in the Executive's Base Salary as in effect on the date of a Change of Control or Potential Change of Control, or as the same may be increased from time to time during the term of his Agreement;

(iii) The Company shall require the Executive to be based anywhere other than at or within a 25 mile radius of the Company's principal executive offices or the location where the Executive is based on the date of a Change of Control or Potential Change of Control, or if Executive agrees to such relocation, the Company fails to reimburse the Executive for moving and all other expenses reasonably incurred in connection with such move;

(iv) A significant increase in Executive's required travel on behalf of the Company;

(v) The Company shall fail to continue in effect any Company-sponsored plan or benefit that is in effect on the date of a Change of Control or Potential Change of Control (other than the Incentive Stock Award Plan or the Company's stock option plan), that provides (A) incentive or bonus compensation, (B) fringe benefits such as vacation, medical benefits, life insurance and accident insurance, (C) reimbursement for reasonable expenses incurred by the Executive in connection with the performance of duties with

the Company, or (D) retirement benefits such as a Code Section 401(k) plan,

except to the extent that such plans taken as a whole are replaced with substantially comparable plans;

(vi) Any material breach by the Company of any provision of this Agreement which is not cured within 10 days of Company's receipt from Executive of notice thereof; and

(vii) Any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company effected in accordance with the provisions of Section 12.

(d) "Potential Change of Control" shall mean the date as of which (1) the Company enters into an agreement the consummation of which, or the approval by shareholders of which, would constitute a Change of Control; (ii) proxies for the election of Directors of the Company are solicited by anyone other than the Company; (iii) any person (including, but not limited to, any individual, partnership, joint venture, corporation, association or trust) publicly announces an intention to take or to consider taking actions which, if consummated, would constitute a Change of Control; or (iv) any other event occurs which is deemed to be a Potential Change of Control by the Board and the Board adopts a resolution to the effect that a Potential Change of Control has occurred.

(e) In the event that (i) Executive would otherwise be entitled to the compensation and benefits described in Section 6(a) hereof ("Compensation Payments"), and (ii) the Company determines, based upon the advice of tax counsel selected by the Company's independent auditors and acceptable to Executive, that, as a result of such Compensation Payments and any other benefits or payments required to be taken into account under Code Section 280G(b)(2) ("Parachute Payments"), any of such Parachute Payments would be reportable by the Company as "excess parachute payments", such Compensation Payments shall be reduced to the extent necessary to cause Executive's Parachute Payments to equal 2.99 times the "base amount" as defined in Code Section 280G(b)(3) with respect to such Executive. However, such reduction in the Compensation Payments shall be made only if, in the opinion of such tax counsel, it would result in a larger Parachute Payment to the Executive than payment of the unreduced Parachute Payments after deduction in each case of tax imposed on and payable by the Executive under Section 4999 of the Code ("Excise Tax"). The value of any non-cash benefits or any deferred payment or benefit for purposes of this paragraph shall be determined by the Company's independent auditors.

(f) The parties hereto agree that the payments provided under Section 6(a) above, as the case may be, are reasonable compensation in light of Executive's services rendered to the Company and that neither party shall contest the payment of such benefits as constituting an "excess parachute payment" within the meaning of Section 280G(b)(1) of the Code.

(g) Unless the Company determines that any Parachute Payments made hereunder must be reported as "excess parachute payments" in accordance with Section 6(e) above, neither party shall file any return taking the position that the payment of such benefits constitutes an "excess parachute payment" within the meaning of Section 280G(b)(1) of the Code.

7. Non-Competition. Executive agrees that during the Term and for a period of four months from the date of the termination of Executive's employment with the Company pursuant to Sections 4(b), 4(c), 4(d), 4(e) and 6 herein or for any other reason that results in the Executive being entitled to the benefits described in Section 5, he will not, directly or indirectly, compete with the Company by providing to any company that is in a "Competing Business" services substantially similar to the services provided by Executive at the time of termination. Competing Business shall be defined as any business that engages, in whole or in part, in the manufacturing or marketing of activewear tee shirts in the United States of America (the "Restrictive Territory"), and Executive's employment function or affiliation is directly or indirectly in such business of activewear tee shirt manufacturing or marketing.

8. Nonsolicitation of Employees. For a period of two years after the later of the expiration of the Term or the termination or cessation of his employment with the Company for any reason whatsoever, Executive shall not, on his own behalf or on behalf of any other person, partnership, association, corporation, or other entity, (a) solicit or in any manner attempt to influence

or induce any employee of the Company or its subsidiaries or affiliates (known by the Executive to be such) to leave the employment of the Company or its subsidiaries or affiliates, nor shall he use or

disclose to any person, partnership, association, corporation or other entity any information obtained while an employee of the Company concerning the names and addresses of the Company's employees, or (b) solicit, entice or induce any customer or supplier of the Company (or any actively sought customer or supplier of the Company) for or on behalf of any Competing Business in the Restricted Territory.

9. Nondisclosure of Trade Secrets. During the Term, Executive will have access to and become familiar with various trade secrets and proprietary and confidential information of the Company, its subsidiaries and affiliates, including, but not limited to, processes, computer programs, compilations of information, records, sales procedures, customer requirements, pricing techniques, customer lists, methods of doing business and other confidential information (collectively, referred to as "Trade Secrets") which are owned by the Company, its subsidiaries and/or affiliates and regularly used in the operation of its business, and as to which the Company, its subsidiaries and/or affiliates take precautions to prevent dissemination to persons other than certain directors, officers and employees. Executive acknowledges and agrees that the Trade Secrets (1) are secret and not known in the industry; (2) give the Company or its subsidiaries or affiliates an advantage over competitors who do not know or use the Trade Secrets; (3) are of such value and nature as to make it reasonable and necessary to protect and preserve the confidentiality and secrecy of the Trade Secrets; and (4) are valuable, special and unique assets of the Company or its subsidiaries or affiliates, the disclosure of which could cause substantial injury and loss of profits and goodwill to the Company or its subsidiaries or affiliates. Executive may not use in any way or disclose any of the Trade Secrets, directly or indirectly, either during the Term or at any time after the expiration of the Term or the termination of Executive's employment with the Company for any reason whatsoever, except as required in the course of his employment under this Agreement, if required in connection with a judicial or administrative proceeding, or if the information becomes public knowledge other than as a result of an unauthorized disclosure by the Executive. All files, records, documents, information, data and similar items relating to the business of the Company, whether prepared by Executive or otherwise coming into his possession, will remain the exclusive property of the Company and may not be removed from the premises of the Company under any circumstances without the prior written consent of the Board (except in the ordinary course of business during Executive's period of active employment under this Agreement), and in any event must be promptly delivered to the Company upon termination of Executive's employment with the Company. Executive agrees that upon his receipt of any subpoena, process or other request to produce or divulge, directly or indirectly, any Trade Secrets to any entity, agency, tribunal or person, Executive shall timely notify and promptly hand deliver a copy of the subpoena, process or other request to the Board. For this purpose, Executive irrevocably nominates and appoints the Company (including any attorney retained by the Company), as his true and lawful attorney-in-fact, to act in Executive's name, place and stead to perform any act that Executive might perform to defend and protect against any disclosure of any Trade Secrets. The rights granted to the Company in this Section 9 are intended to be in addition to and not in replacement of any protection of trade secrets provided by any statute or judicially created law.

10. Remedies. In the event that Executive violates any of the provisions of Sections 7, 8 or 9 hereof (the "Protective Covenants") or fails to provide the notice required by Section 4(d) hereof, in addition to any other remedy that may be available at law, in equity or hereunder, the Company shall be entitled to receive from Executive the profits, if any, received by Executive upon exercise of any Company granted stock options or incentive stock awards or upon lapse of the restrictions on any grant of restricted stock to the extent such options or rights were exercised, or such restrictions lapsed, subsequent to six months prior to the termination of Executive's employment. In addition, Executive acknowledges and agrees that any breach of a Protective Covenant by him will cause irreparable damage to the Company, the exact amount of which will be difficult to determine, and that the remedies at law for any such breach will be inadequate. Accordingly, Executive agrees that, in addition to any other remedy that may be available at law, in equity, or hereunder, the Company shall be entitled to specific performance and injunctive relief, without posting bond or other security, to enforce or prevent any violation of any of the Protective Covenants by him.

11. Severability. The parties hereto intend all provisions of Sections

7, 8, 9 and 10 hereof to be enforced to the fullest extent permitted by law. Accordingly, should a court of competent jurisdiction determine that the scope of any provision of Sections 7, 8, 9 or 10 hereof is too broad to be enforced as written, the parties intend that the court reform the provision to such narrower scope as it determines to be reasonable and enforceable. In addition, however, Executive agrees that the nonsolicitation and nondisclosure agreements set forth above each constitute separate

agreements independently supported by good and adequate consideration shall be severable from the other provisions of, and shall survive, this Agreement. The existence of any claim or cause of action of Executive against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the covenants of Executive contained in the nonsolicitation and nondisclosure agreements. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term hereof, such provision shall be fully severable and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision never constituted a part of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom. Furthermore, in lieu of such illegal, invalid or unenforceable provision, there shall be added as part of this Agreement, a provision as similar in its terms to such illegal, invalid or enforceable provision as may be possible and be legal, valid and enforceable.

12. Miscellaneous.

(a) Notices. Any notices, consents, demands, requests, approvals and other communications to be given under this Agreement by either party to the other must be in writing and must be either (i) personally delivered, (ii) mailed by registered or certified mail, postage prepaid with return receipt requested, (iii) delivered by overnight express delivery service or same-day local courier service, or (iv) delivered by telex or facsimile transmission, to the address set forth below, or to such other address as may be designated by the parties from time to time in accordance with this Section 12(a):

If to the Company:
Delta Apparel, Inc.
2750 Premiere Parkway
Suite 100
Duluth, Georgia 30047
Attn: Chief Executive Officer

If to Executive:
Mr. Herbert M. Mueller
375 Oxford Meadow Run
Alpharetta, Georgia 30004

Notices delivered personally or by overnight express delivery service or by local courier service are deemed given as of actual receipt. Mailed notices are deemed given three business days after mailing. Notices delivered by telex or facsimile transmission are deemed given upon receipt by the sender of the answer back (in the case of a telex) or transmission confirmation (in the case of a facsimile transmission).

(b) Entire Agreement. This Agreement supersedes any and all other agreements, either oral or written, between the parties with respect to the subject matter of this Agreement and contains all of the covenants and agreements between the parties with respect to the subject matter of this Agreement.

(c) Modification. No change or modification of this Agreement is valid or binding upon the parties, nor will any waiver, termination or discharge of any term or condition of this Agreement be so binding, unless confirmed in writing and signed by the parties to this Agreement.

(d) Governing Law and Venue. The parties acknowledge and agree that this Agreement and the obligations and undertakings of the parties under this Agreement will be performable in Georgia. This Agreement is governed by, and construed in accordance with, the laws of the State of Georgia. If any action is brought to enforce or interpret this Agreement, venue for the

action will be in Georgia.

(e) Counterparts. This Agreement may be executed in counterparts, each of which constitutes an original, but all of which constitutes one document.

(f) Costs. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, each party shall bear its own costs and expenses; provided, however, that in the event Executive incurs costs or expenses in connection with successfully enforcing this Agreement following a Change of Control, then Company shall reimburse Executive for all such costs or expenses.

(g) Estate. If Executive dies prior to the expiration of the term of employment or during a period when monies are owing to him, any monies that may be due him from the Company under this Agreement as of the date of his death shall be paid to his estate and as when otherwise payable.

(h) Assignment. The rights, duties and benefits to Executive hereunder are personal to him, and no such right or benefit may be assigned by him without the prior written consent of the Company.

(i) Binding Effect. This Agreement is binding upon and shall inure to the benefit of the parties hereto, their respective executors, administrators, successors, personal representatives, heirs and permitted assigns.

(j) Waiver of Breach. The waiver by the Company or Executive of a breach of any provision of this Agreement by Executive or the Company may not operate or be construed as a waiver of any subsequent breach.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

"Company"

DELTA APPAREL, INC.

By:

Name:

Title:

"Executive"

Herb Mueller

EXHIBIT 10.11

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement"), dated as of November 7, 2000, is by and between DELTA APPAREL, INC., a Georgia corporation (the "Company"), and MARTHA M. WATSON, a South Carolina resident ("Executive").

WHEREAS, Executive and the Company want to enter into a written agreement providing for the terms of Executive's employment by the Company.

NOW, THEREFORE, in consideration of the foregoing recital and of the mutual covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Employment. Executive agrees to continue his employment by the Company, and the Company agrees to employ Executive, on the terms and conditions set forth in this Agreement. Executive agrees during the term of this Agreement to devote substantially all of his business time, efforts, skills and abilities to the performance of his duties as stated in this Agreement and to the furtherance of the Company's business.

Executive's initial job title will be Vice President and Company Secretary and her duties will be those as are designated by the Chief Executive Officer of the Company. Executive further agrees to serve, without additional compensation, as an officer or director, or both, of any subsidiary, division or affiliate of the Company or any other entity in which the Company holds an equity interest, provided, however, that (a) the Company shall indemnify Executive from liabilities in connection with serving in any such position to the same extent as his indemnification rights pursuant to the Company's Articles of Incorporation, By-laws and applicable Georgia law, and (b) such other position shall not materially detract from the responsibilities of Executive pursuant to this Section 1 or his ability to perform such responsibilities.

2. Compensation.

(a) Base Salary. During the term of Executive's employment with the Company pursuant to this Agreement, the Company shall pay to Executive as compensation for his services an annual base salary of not less than \$110,000.00 ("Base Salary"). Executive's Base Salary will be payable in arrears in accordance with the Company's normal payroll procedures and will be reviewed annually and subject to upward adjustment at the discretion of the Compensation Committee of the Company's Board of Directors.

(b) Incentive Bonus. During the term of Executive's employment with the Company pursuant to this Agreement, Executive shall be entitled to participate in the Company's Short Term Incentive Compensation Plan.

(c) Executive Perquisites. During the term of Executive's employment with the Company pursuant to this Agreement, Executive shall be entitled to receive such executive perquisites and fringe benefits as are provided to the executives in comparable positions and their families under any of the Company's plans and/or programs in effect from time to time and such other benefits as are customarily available to executives of the Company and their families, including without limitation vacations and life, medical and disability insurance.

(d) Tax Withholding. The Company has the right to deduct from any compensation payable to Executive under this Agreement social security (FICA) taxes and all federal, state, municipal or other such taxes or charges as may now be in effect or that may hereafter be enacted or required.

(e) Expense Reimbursements. The Company shall pay or reimburse Executive for all reasonable business expenses incurred or paid by Executive in the course of performing his duties hereunder, including but not

limited to reasonable travel expenses for Executive. As a condition to such payment or reimbursement, however, Executive shall maintain and provide to the Company reasonable documentation and receipts for such expenses.

3. Term. Unless sooner terminated pursuant to Section 4 of this Agreement, and subject to the provisions of Section 5 hereof, the term of this Agreement (the "Term") shall commence as of the date hereof and shall continue until December 31, 2003.

4. Termination. Notwithstanding the provisions of Section 3 hereof, but subject to the provisions of Section 5 hereof, Executive's employment under this Agreement shall terminate as follows:

(a) Death. Executive's employment shall terminate upon the death of Executive; provided, however, that the Company shall continue to pay (in accordance with its normal payroll procedures) the Base Salary to Executive's estate for a period of six months after the date of Executive's death.

(b) Termination for Cause. The Company may terminate Executive's employment at any time for "Cause" (as hereinafter defined) by delivering a written termination notice to Executive. For purposes of this Agreement, "Cause" shall mean any of: (i) Executive's conviction of a felony or a crime involving moral turpitude; (ii) Executive's commission of an act constituting fraud, deceit or material misrepresentation with respect to the Company; (iii) Executive's embezzlement of funds or assets from the Company; (iv) evidence sufficient to conclude that Executive is addicted to any alcoholic, controlled or illegal substance or drug; (v) Executive's commission of any act or omission of gross negligence or willful misconduct which would give the Company the right to terminate Executive's employment under applicable law; or (vi) Executive's failure to correct or cure any material breach of or default under this Agreement within ten days after receiving written notice of such breach or default from the Company.

(c) Termination Without Cause. The Company may terminate Executive's employment at any time for any or no reason by delivering a written termination notice to Executive.

(d) Termination by Executive. Executive may terminate his employment at any time by delivering sixty days prior written notice to the Company; provided, however, that the terms, conditions and benefits specified in Section 5 hereof shall apply or be payable to Executive only if such termination occurs as a result of a material breach by the Company of any provision of this Agreement.

(e) Termination Following Disability. In the event Executive becomes "disabled" (as defined in the Company's disability insurance policy) and is unable to perform his material duties and responsibilities hereunder for a period of at least ninety days in the aggregate during any one hundred twenty consecutive day period, the Company may terminate Executive's employment by delivering a written termination notice to Executive. Notwithstanding the foregoing, Executive shall continue to receive his full Base Salary and benefits under this Agreement for a period of six months after the effective date of such termination.

(f) Payments. Following any expiration or termination of this Agreement or Executive's employment hereunder, and in addition to any amounts owed pursuant to Section 5 hereof, the Company shall pay to Executive all amounts earned by Executive hereunder prior to the date of such expiration or termination.

5. Certain Termination Benefits. Subject to Section 6(a) hereof, in the event (i) the Company terminates Executive's employment without cause pursuant to Section 4(c) or (ii) Executive terminates his employment pursuant to Section 4(d) as a result of a material breach by the Company of any provision of this Agreement:

(a) Base Salary and Incentive Compensation. The Company shall continue to pay to Executive his Base Salary (as in effect as of the date of such termination) and Incentive Compensation (equal to the Incentive Compensation received for the most recent year) that would have been payable hereunder to Executive from the date of such termination for a period of twelve months following the termination.

(b) Life Insurance. The Company shall continue to provide Executive with group and additional life insurance coverage for a period of twelve months following termination at coverage levels equal to those applicable to Executive immediately prior to such

termination or as provided to other executive level employees during such twelve month period.

(c) Medical Insurance. The Company shall continue to provide Executive and his family with group medical insurance coverage under the Company's Medical Plans (as the same may change from time to time) or other substantially similar health insurance for a period of twelve months following termination at coverage levels equal to those applicable to Executive immediately prior to such termination or as provided to other executive level employees during such twelve month period or pay COBRA premiums during such twelve month period.

(d) Group Disability. The Company shall continue to provide Executive coverage under the Company's group disability plan, if any, for a period of twelve months following termination at coverage levels equal to those applicable to Executive immediately prior to such termination or as provided to other executive level employees during such twelve month period.

(e) Offset. Any fringe benefits received by Executive in connection with any other employment accepted by Executive that are reasonably comparable, even if not necessarily as beneficial, to Executive as the fringe benefits then being provided by the Company pursuant to paragraphs (c), (d) and (e) of this Section 5, shall be deemed to be the equivalent of, and shall terminate the Company's responsibility to continue providing, the fringe benefits package, taken as a whole, then being provided by the Company pursuant to paragraphs (c), (d) and (e) of this Section 5. The Company agrees that if Executive's employment with the Company is terminated, Executive shall have no duty to mitigate damages.

(f) Payment Default. Any amounts owed by Company to Executive under this Section 5 that are not paid when due shall bear interest at a rate of 10% per annum.

(g) General Release. Acceptance by Executive of any amounts pursuant to this Section 5 shall constitute a full and complete release by Executive of any and all claims Executive may have against the Company, its officers, directors and affiliates, including, but not limited to, claims he might have relating to Executive's cessation of employment with the Company; provided, however, that there may properly be excluded from the scope of such general release the following:

(i) claims that Executive may have against the Company for reimbursement of ordinary and necessary business expenses incurred by him during the course of his employment;

(ii) claims that may be made by the Executive for payment of Base Salary, bonuses, fringe benefits, stock upon vesting of inactive stock awards, stock upon exercise of stock options properly due to him, or other amounts or benefits due to him under this Agreement;

(iii) claims respecting matters for which the Executive is entitled to be indemnified under the Company's Certificate of Incorporation or Bylaws, respecting third party claims asserted or third party litigation pending or threatened against the Executive; or

(iv) claims Executive may have against the Company for violation of employment laws, including, without limitation, laws prohibiting discrimination against employees.

A condition to Executive's receipt of any amounts pursuant to this Section 5 shall be Executive's execution and delivery of a general release as described above. In exchange for such release, the Company shall, if Executive's employment is terminated without Cause, provide a release to Executive, but only with respect to claims against Executive which are actually known to the Company as of the time of such termination.

6. Effect of Change in Control.

(a) If within one year following a "Change of Control" (as hereinafter defined), Executive terminates his employment with the Company for Good Reason (as hereinafter defined) or the Company terminates Executive's employment for any reason other than Cause, death or disability, the Company shall pay to Executive: (1) an amount equal to one times the Executive's Base

Salary as of the date of termination; (2) an amount equal to one times the average annual cash bonus paid to Executive for the one fiscal year immediately preceding the date of termination; (3) all benefits under the Company's various welfare and benefit plans, including retirement, group healthcare, dental and life, for the period equal to twelve months from the date of termination; and (4) outplacement assistance.

(b) "Change of Control" shall mean the date as of which: (i) there shall be consummated (1) any consolidation or merger of the Company other than a merger of the Company in which the holders of the Company's common stock immediately prior to the merger have the majority ownership of common stock of the surviving corporation immediately after the merger, or (2) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Company; or (ii) the stockholders of the Company approve any plan or proposal for the liquidation or dissolution of the Company; or (iii) any person (as such term is used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), shall become the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act) of 30% of the Company's outstanding common stock; or (iv) during any period of two consecutive years, individuals who at the beginning of such period constitute the entire board of directors of the Company shall cease for any reason to constitute a majority thereof unless the election, or the nomination for election by the Company's stockholders, of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period.

(c) "Good Reason" shall mean any of the following actions taken by the Company without the Executive's written consent after a Change of Control :

(i) the assignment to the Executive by the Company of duties inconsistent with, or the reduction of the powers and functions associated with, the Executive's position, duties, responsibilities and status with the Company immediately prior to a Change of Control or Potential Change of Control (as defined below), or an adverse change in Executive's titles or offices as in effect immediately prior to a Change of Control or Potential Change of Control, or any removal of the Executive from or any failure to re-elect Executive to any of such positions, except in connection with the termination of his employment for disability or Cause or as a result of Executive's death except to the extent that a change in duties relates to the elimination of responsibilities attendant to the Company's no longer being a publicly traded company;

(ii) A reduction by the Company in the Executive's Base Salary as in effect on the date of a Change of Control or Potential Change of Control, or as the same may be increased from time to time during the term of his Agreement;

(iii) The Company shall require the Executive to be based anywhere other than at or within a 25 mile radius of the Company's principal executive offices or the location where the Executive is based on the date of a Change of Control or Potential Change of Control, or if Executive agrees to such relocation, the Company fails to reimburse the Executive for moving and all other expenses reasonably incurred in connection with such move;

(iv) A significant increase in Executive's required travel on behalf of the Company;

(v) The Company shall fail to continue in effect any Company-sponsored plan or benefit that is in effect on the date of a Change of Control or Potential Change of Control (other than the Incentive Stock Award Plan or the Company's stock option plan), that provides (A) incentive or bonus

compensation, (B) fringe benefits such as vacation, medical benefits, life insurance and accident insurance, (C) reimbursement for reasonable expenses incurred by the Executive in connection with the performance of duties with the Company, or (D) retirement benefits such as a Code Section 401(k) plan, except to the extent that such plans taken as a

whole are replaced with substantially comparable plans;

(vi) Any material breach by the Company of any provision of this Agreement which is not cured within 10 days of Company's receipt from Executive of notice thereof; and

(vii) Any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company effected in accordance with the provisions of Section 12.

(d) "Potential Change of Control" shall mean the date as of which (i) the Company enters into an agreement the consummation of which, or the approval by shareholders of which, would constitute a Change of Control; (ii) proxies for the election of Directors of the Company are solicited by anyone other than the Company; (iii) any person (including, but not limited to, any individual, partnership, joint venture, corporation, association or trust) publicly announces an intention to take or to consider taking actions which, if consummated, would constitute a Change of Control; or (iv) any other event occurs which is deemed to be a Potential Change of Control by the Board and the Board adopts a resolution to the effect that a Potential Change of Control has occurred.

(e) In the event that (i) Executive would otherwise be entitled to the compensation and benefits described in Section 6(a) hereof ("Compensation Payments"), and (ii) the Company determines, based upon the advice of tax counsel selected by the Company's independent auditors and acceptable to Executive, that, as a result of such Compensation Payments and any other benefits or payments required to be taken into account under Code Section 280G(b)(2) ("Parachute Payments"), any of such Parachute Payments would be reportable by the Company as "excess parachute payments", such Compensation Payments shall be reduced to the extent necessary to cause Executive's Parachute Payments to equal 2.99 times the "base amount" as defined in Code Section 280G(b)(3) with respect to such Executive. However, such reduction in the Compensation Payments shall be made only if, in the opinion of such tax counsel, it would result in a larger Parachute Payment to the Executive than payment of the unreduced Parachute Payments after deduction in each case of tax imposed on and payable by the Executive under Section 4999 of the Code ("Excise Tax"). The value of any non-cash benefits or any deferred payment or benefit for purposes of this paragraph shall be determined by the Company's independent auditors.

(f) The parties hereto agree that the payments provided under Section 6(a) above, as the case may be, are reasonable compensation in light of Executive's services rendered to the Company and that neither party shall contest the payment of such benefits as constituting an "excess parachute payment" within the meaning of Section 280G(b)(1) of the Code.

(g) Unless the Company determines that any Parachute Payments made hereunder must be reported as "excess parachute payments" in accordance with Section 6(e) above, neither party shall file any return taking the position that the payment of such benefits constitutes an "excess parachute payment" within the meaning of Section 280G(b)(1) of the Code.

7. Non-Competition. Executive agrees that during the Term and for a period of four months from the date of the termination of Executive's employment with the Company pursuant to Sections 4(b), 4(c), 4(d), 4(e) and 6 herein or for any other reason that results in the Executive being entitled to the benefits described in Section 5, he will not, directly or indirectly, compete with the Company by providing to any company that is in a "Competing Business" services substantially similar to the services provided by Executive at the time of termination. Competing Business shall be defined as any business that engages, in whole or in part, in the manufacturing or marketing of activewear tee shirts in the United States of America (the "Restrictive Territory"), and Executive's employment function or affiliation is directly or indirectly in such business of activewear tee shirt manufacturing or marketing.

8. Nonsolicitation of Employees. For a period of two years after the later of the expiration of the Term or the termination or cessation of his employment with the Company for any reason whatsoever, Executive shall not, on his own behalf or on behalf of any other person, partnership, association, corporation, or other entity, (a) solicit or in any manner attempt to influence or induce any employee of the Company or its subsidiaries or affiliates (known by the Executive to be such) to leave the employment of the Company or its subsidiaries or affiliates, nor shall he use or disclose to any person,

partnership, association, corporation or other entity any information obtained while an employee of the Company concerning the names and addresses of the Company's employees, or (b) solicit, entice or induce any customer or supplier of the Company (or any actively sought customer or supplier of the Company) for or on behalf of any Competing Business in the Restricted Territory.

9. Nondisclosure of Trade Secrets. During the Term, Executive will have access to and become familiar with various trade secrets and proprietary and confidential information of the Company, its subsidiaries and affiliates, including, but not limited to, processes, computer programs, compilations of information, records, sales procedures, customer requirements, pricing techniques, customer lists, methods of doing business and other confidential information (collectively, referred to as "Trade Secrets") which are owned by the Company, its subsidiaries and/or affiliates and regularly used in the operation of its business, and as to which the Company, its subsidiaries and/or affiliates take precautions to prevent dissemination to persons other than certain directors, officers and employees. Executive acknowledges and agrees that the Trade Secrets (1) are secret and not known in the industry; (2) give the Company or its subsidiaries or affiliates an advantage over competitors who do not know or use the Trade Secrets; (3) are of such value and nature as to make it reasonable and necessary to protect and preserve the confidentiality and secrecy of the Trade Secrets; and (4) are valuable, special and unique assets of the Company or its subsidiaries or affiliates, the disclosure of which could cause substantial injury and loss of profits and goodwill to the Company or its subsidiaries or affiliates. Executive may not use in any way or disclose any of the Trade Secrets, directly or indirectly, either during the Term or at any time after the expiration of the Term or the termination of Executive's employment with the Company for any reason whatsoever, except as required in the course of his employment under this Agreement, if required in connection with a judicial or administrative proceeding, or if the information becomes public knowledge other than as a result of an unauthorized disclosure by the Executive. All files, records, documents, information, data and similar items relating to the business of the Company, whether prepared by Executive or otherwise coming into his possession, will remain the exclusive property of the Company and may not be removed from the premises of the Company under any circumstances without the prior written consent of the Board (except in the ordinary course of business during Executive's period of active employment under this Agreement), and in any event must be promptly delivered to the Company upon termination of Executive's employment with the Company. Executive agrees that upon his receipt of any subpoena, process or other request to produce or divulge, directly or indirectly, any Trade Secrets to any entity, agency, tribunal or person, Executive shall timely notify and promptly hand deliver a copy of the subpoena, process or other request to the Board. For this purpose, Executive irrevocably nominates and appoints the Company (including any attorney retained by the Company), as his true and lawful attorney-in-fact, to act in Executive's name, place and stead to perform any act that Executive might perform to defend and protect against any disclosure of any Trade Secrets. The rights granted to the Company in this Section 9 are intended to be in addition to and not in replacement of any protection of trade secrets provided by any statute or judicially created law.

10. Remedies. In the event that Executive violates any of the provisions of Sections 7, 8 or 9 hereof (the "Protective Covenants") or fails to provide the notice required by Section 4(d) hereof, in addition to any other remedy that may be available at law, in equity or hereunder, the Company shall be entitled to receive from Executive the profits, if any, received by Executive upon exercise of any Company granted stock options or incentive stock awards or upon lapse of the restrictions on any grant of restricted stock to the extent such options or rights were exercised, or such restrictions lapsed, subsequent to six months prior to the termination of Executive's employment. In addition, Executive acknowledges and agrees that any breach of a Protective Covenant by him will cause irreparable damage to the Company, the exact amount of which will be difficult to determine, and that the remedies at law for any such breach will be inadequate. Accordingly, Executive agrees that, in addition to any other remedy that may be available at law, in equity, or hereunder, the Company shall be entitled to specific performance and injunctive relief, without posting bond or other security, to enforce or prevent any violation of any of the Protective Covenants by him.

11. Severability. The parties hereto intend all provisions of Sections 7, 8, 9 and 10 hereof to be enforced to the fullest extent permitted by law. Accordingly, should a court of competent jurisdiction determine that the scope of

any provision of Sections 7, 8, 9 or 10 hereof is too broad to be enforced as

written, the parties intend that the court reform the provision to such narrower scope as it determines to be reasonable and enforceable. In addition, however, Executive agrees that the nonsolicitation and nondisclosure agreements set forth above each constitute separate agreements independently supported by good and adequate consideration shall be severable from the other provisions of, and shall survive, this Agreement. The existence of any claim or cause of action of Executive against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the covenants of Executive contained in the nonsolicitation and nondisclosure agreements. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term hereof, such provision shall be fully severable and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision never constituted a part of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom. Furthermore, in lieu of such illegal, invalid or unenforceable provision, there shall be added as part of this Agreement, a provision as similar in its terms to such illegal, invalid or enforceable provision as may be possible and be legal, valid and enforceable.

12. Miscellaneous.

(a) Notices. Any notices, consents, demands, requests, approvals and other communications to be given under this Agreement by either party to the other must be in writing and must be either (i) personally delivered, (ii) mailed by registered or certified mail, postage prepaid with return receipt requested, (iii) delivered by overnight express delivery service or same-day local courier service, or (iv) delivered by telex or facsimile transmission, to the address set forth below, or to such other address as may be designated by the parties from time to time in accordance with this Section 12(a):

If to the Company:
Delta Apparel, Inc.
2750 Premiere Parkway
Suite 100
Duluth, Georgia 30047
Attn: Chief Executive Officer

If to Executive:
Ms. Martha M. Watson
306 Greenview Circle
Greenville, South Carolina 29609

Notices delivered personally or by overnight express delivery service or by local courier service are deemed given as of actual receipt. Mailed notices are deemed given three business days after mailing. Notices delivered by telex or facsimile transmission are deemed given upon receipt by the sender of the answer back (in the case of a telex) or transmission confirmation (in the case of a facsimile transmission).

(b) Entire Agreement. This Agreement supersedes any and all other agreements, either oral or written, between the parties with respect to the subject matter of this Agreement and contains all of the covenants and agreements between the parties with respect to the subject matter of this Agreement.

(c) Modification. No change or modification of this Agreement is valid or binding upon the parties, nor will any waiver, termination or discharge of any term or condition of this Agreement be so binding, unless confirmed in writing and signed by the parties to this Agreement.

(d) Governing Law and Venue. The parties acknowledge and agree that this Agreement and the obligations and undertakings of the parties under this Agreement will be performable in Georgia. This Agreement is

governed by, and construed in accordance with, the laws of the State of Georgia. If any action is brought to enforce or interpret this Agreement, venue for the action will be in Georgia.

(e) Counterparts. This Agreement may be executed in counterparts, each of which constitutes an original, but all of which constitutes one document.

(f) Costs. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, each party shall bear its own costs and expenses; provided, however, that in the event Executive incurs costs or expenses in connection with successfully enforcing this Agreement following a Change of Control, then Company shall reimburse Executive for all such costs or expenses.

(g) Estate. If Executive dies prior to the expiration of the term of employment or during a period when monies are owing to him, any monies that may be due him from the Company under this Agreement as of the date of his death shall be paid to his estate and as when otherwise payable.

(h) Assignment. The rights, duties and benefits to Executive hereunder are personal to him, and no such right or benefit may be assigned by him without the prior written consent of the Company.

(i) Binding Effect. This Agreement is binding upon and shall inure to the benefit of the parties hereto, their respective executors, administrators, successors, personal representatives, heirs and permitted assigns.

(j) Waiver of Breach. The waiver by the Company or Executive of a breach of any provision of this Agreement by Executive or the Company may not operate or be construed as a waiver of any subsequent breach.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

"Company"

DELTA APPAREL, INC.

By:

Name:

Title:

"Executive"

Martha M. Watson