



Delta Apparel, Inc.

Related Party Transactions Policy and Procedures

Dated April 21, 2010

POLICY

Delta Apparel, Inc. (together with its subsidiaries, the “Company”) is committed to upholding the highest legal and ethical conduct in fulfilling its responsibilities and recognizes that Related Party Transactions (as defined below) can present a heightened risk of potential or actual conflicts of interest. As a general matter, it is the Company’s preference to avoid these transactions. Except as otherwise provided in this Policy, all Related Party Transactions require prior approval of the Audit Committee of the Board of Directors. This policy is intended to supplement the Company’s Ethics Policy, which is not limited by this policy.

The Company’s Audit Committee charter requires that members of the Audit Committee (the “Committee”) review, approve and oversee all Related Party Transactions that are (1) required to be disclosed pursuant to Item 404 of Securities and Exchange Commission’s Regulation S-K, or any successor provision, or (2) subject to review and oversight by the Committee under applicable listing requirements of the NYSE Amex exchange. The Company’s Audit Committee charter also requires that the Committee review disclosures of Related Party Transactions made in filings with the Securities and Exchange Commission.

PROCEDURES FOR AUDIT COMMITTEE APPROVAL

The Board of Directors has determined that the Audit Committee of the Board is best suited to review and approve Related Party Transactions. Accordingly, management shall present for review by the Audit Committee a description of any proposed Related Party Transaction. The description shall include the material facts of the proposed transaction. This disclosure should include the facts and circumstances of the proposed transaction including the relationship of the Related Party (as defined below) to the Company and interest in the transaction. A transaction with a Related Party should be approved only if it is in, or not inconsistent with, the best interests of the Company and its shareholders. In determining whether to approve a Related Party Transaction, the Committee shall consider, among other factors it deems relevant, the following:

- whether the terms of the Related Party Transaction are fair to the Company and on the same basis as would apply if the transaction did not involve a Related Party;

- whether there are business reasons for the Company to enter into the Related Party Transaction;
- whether the Related Party Transaction would impair the independence of an Independent Director (as defined below); and
- whether the Related Party Transaction would present an improper conflict of interest for any director or executive officer of the Company, taking into account the size of the transaction, the overall financial position of the director, executive officer or Related Party, the direct or indirect nature of the director's, executive officer's or Related Party's interest in the transaction, and the ongoing nature of any proposed relationship.

No member of the Audit Committee shall participate in any vote to approve any Related Party Transaction with respect to which such member or any of his or her Immediate Family Members (as defined below) is the Related Party, except that the director shall provide all material information concerning the Related Party Transaction to the Committee. Approval is to be by a majority of Independent Directors (as defined below) serving on the Audit Committee. After review, the Committee shall approve or disapprove any proposed Related Party Transaction. Management shall update the Committee as to any material change to a proposed transaction. It will not be deemed a violation or waiver of this Policy for the Audit Committee to approve or ratify a Related Party Transaction after the transaction has occurred if, despite good-faith efforts to comply with this Policy, there is a failure to recognize that a transaction is covered by this Policy.

If a Related Party Transaction will be ongoing, the Committee may establish guidelines for the Company's management to follow in its ongoing dealings with the Related Party. Thereafter, the Committee shall periodically review and assess ongoing relationships with the Related Party to determine that they are in compliance with such guidelines and that the Related Party Transaction remains appropriate.

DISCLOSURE

Related Party Transactions are to be disclosed in the Company's filings to the extent required by the Securities Act of 1933 and the Securities Exchange Act of 1934, each as amended, and their related rules. In addition, all Related Party Transactions shall be disclosed to the Audit Committee of the Board, and any material Related Party Transaction shall be disclosed to the full Board of Directors. The Audit Committee is to review disclosures of any Related Party Transactions made in filings with the Securities and Exchange Commission.

DEFINITIONS

An “**Immediate Family Member**” of any person means that person’s child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law and any person (other than a tenant or employee) sharing that person’s household.

An “**Independent Director**” means a person meeting the requirements set forth in Rule 803 or any successor provision of the NYSE Amex Company Guide, as amended from time to time.

For purposes of this policy, a “**person**” includes, without limitation, a natural person, entity, organization and group.

A “**Related Party**” is a person who fits in one or more of the following categories:

1. Any executive officer, director or director nominee of the Company and any person who has served in one of those roles since the beginning of the Company’s last fiscal year, even if he/she does not currently serve in that role;
2. Any person who is known to be the beneficial owner under applicable Securities and Exchange Commission regulations of more than 5% of any class of the Company’s voting securities (such a person is called a “5% Security Holder”); and
3. Any person who is an Immediate Family Member of any of the persons described above.

A “**Related Party Transaction**” is any financial transaction, arrangement, relationship or series of similar transactions, arrangements or relationships occurring since the beginning of the Company’s last fiscal year in which the Company is or will be a participant, in which any Related Party has or will have a direct or indirect material interest, and in which the aggregate amount involved will or may be expected to exceed \$10,000. This includes, without limitation, any transaction involving a Related Party that is required to be disclosed under Item 404 of Regulation S-K, or any successor provision. An interest in a Related Party Transaction may arise from, among other matters, employment, ownership interest, power to control, or serving as a partner or principal in an entity or organization. A Related Party Transaction may include indebtedness or a guarantee of indebtedness and also includes any material amendment or modification to an existing Related Party Transaction. In determining the amount of indebtedness, amounts due from a Related Party for the following purposes shall not be considered:

- purchases of goods and services subject to usual trade terms;
- ordinary business travel and expense payments; and
- other transactions in the ordinary course of business.

The amount involved in a transaction should be calculated in the manner described in Item 404 of Regulation S-K. From time to time, applicable regulatory definitions and interpretations may change, and it is the intent of this Policy to automatically update the definitions in this Policy to reflect applicable regulatory changes.

CERTAIN EXCLUDED TRANSACTIONS

The Committee has reviewed and approved the types of transactions described below and determined that each of the following transactions shall be deemed to be excluded from the definition of a “Related Party Transaction” for purposes of this Policy, even if the aggregate amount involved will exceed \$10,000.

1. ***Executive officer compensation.*** Any compensation paid by the Company to an executive officer if such executive officer's employment and compensation for serving in that capacity has been approved by the Compensation Committee, the Independent Directors, or the Board of Directors, and any reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
2. ***Director compensation.*** Any compensation paid by the Company to a director if the compensation has been approved by the Compensation Committee or the Board of Directors.
3. ***Awards and exercises under compensatory plans to executive officers and directors.*** Grants of awards to any executive officer or director, as the case may be, pursuant to the Company's Incentive Stock Award Plan, Short-Term Incentive Compensation Plan, Non-Employee Director Stock Plan and/or Stock Option Plan, each as amended from time to time, the exercise by any executive officer or director, as the case may be, of any previously awarded stock option in accordance with its terms, and any grants or awards hereafter made to any director or executive officer under any other equity compensation plan that has been approved by the Company's shareholders, as well as the exercise pursuant to their terms of any rights received under such a plan.
4. ***Transactions where all security holders receive proportional benefits.*** Any transaction where the Related Party's interest arises solely from the ownership of the Company's common stock or other securities and all holders of the Company's common stock or such other securities are entitled to receive the same benefit on a *pro rata* basis (e.g. dividends, interest payments or anti-dilution rights).
5. ***Certain transactions with other entities.*** Any transaction with another entity at which a Related Party's only relationship is as an employee (other than an executive officer), director or beneficial owner and that person, together with all other Related Parties, owns less than 10% of that entity's voting capital, if the aggregate amount involved does not exceed the lesser of \$100,000, or 2 percent of that entity's total annual revenue.

6. ***Certain Company charitable contributions.*** Any charitable contribution or grant by the Company to a charitable organization, foundation or university (a) at which a Related Party's only relationship is as an employee (other than an executive officer) or a director, if the aggregate amount involved does not exceed the lesser of \$10,000 or 2 percent of the charitable organization's total annual receipts or (b) pursuant to any matching program maintained by the Company that is available on a broad basis to employees generally.
7. ***Certain matters not required to be disclosed.*** Any matter of the type for which disclosure is not required under Item 404 of Regulation S-K.

AMENDMENT

The Audit Committee or Board of Directors may amend or otherwise modify this Policy from time to time.

Approved by the Audit Committee of the Board of Directors

Dated April 21, 2010