

DIRECT GENERAL CORP  
Form 4  
March 30, 2007

**FORM 4**

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
ADAIR TAMMY R

(Last) (First) (Middle)  
1281 MURFREESBORO ROAD  
(Street)

NASHVILLE, TN 37217

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
DIRECT GENERAL CORP [DRCT]

3. Date of Earliest Transaction  
(Month/Day/Year)  
03/30/2007

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_ Director \_\_\_ 10% Owner  
 Officer (give title below) \_\_\_ Other (specify below)  
President

6. Individual or Joint/Group Filing(Check Applicable Line)  
\_\_\_ Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code V	Amount	(A) or (D)	Price
Common Stock	03/30/2007			D	470,855	D	\$ 21.25 (1)
Common Stock	03/30/2007			D	42,725	D	\$ 21.25 (1)
Common Stock	03/30/2007			D	42,725	D	\$ 21.25 (1)
Common Stock	03/30/2007			D	4,323,149	D	\$ 21.25

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(1)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	Amount or Number of Shares
Employee Stock Option (Right to Buy)	\$ 21	03/30/2007		D	72,000	<u>(5)</u> 08/11/2013	Common Stock	72,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
ADAIR TAMMY R 1281 MURFREESBORO ROAD NASHVILLE, TN 37217			President	
WILLIAM C ADAIR JR TRUST				Trust
X1				

## Signatures

/s/ Tammy R. Adair 03/30/2007

\*\*Signature of Reporting Person Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Pursuant to the terms of the Agreement and Plan of Merger by and among Elara Holdings, Inc., Elara Merger Corporation, and Issuer (the

- (1) "Merger Agreement"), each share of common stock was cancelled and converted into the right to receive a cash payment of \$21.25 per share.

- (2) TA Investments, LP is a limited partnership of which the reporting person is a general partner. The reporting person disclaims beneficial ownership except to the extent of her pecuniary interest therein.

- (3) WA Investments, LP is a limited partnership of which the reporting person is a general partner. The reporting person disclaims beneficial ownership except to the extent of her pecuniary interest therein.

- (4) These shares are owned directly by the William C. Adair, Jr. Trust, a ten-percent owner of Issuer, and indirectly by the reporting person as trustee.

Pursuant to the terms of the Merger Agreement, this option, which provided for vesting in five equal annual installments beginning on

- (5) August 11, 2004, was cancelled and converted into an option to purchase 1,530 shares of common stock of Elara Holdings, Inc. for \$988.24 per share on the same terms as the cancelled option.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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