

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 *
Hagely John Todd

(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)
Sr. VP and CFO

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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | Code | V | Amount | (D) | Price |
| Common Stock | 03/30/2007 | | D | | 9,294 | D | \$ 21.25 |
| | | | | | | | 0 |
| | | | | | | | (1) |

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

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SEC 1474
(9-02)

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

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| 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) | | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|----------------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Employee Stock Option (Right to Buy) | \$ 21 | 03/30/2007 | | D | 30,000 | <u>(2)</u> | 08/11/2013 | Common Stock | 30,000 |
| Employee Stock Option (Right to Buy) | \$ 18.05 | 03/30/2007 | | D | 20,000 | <u>(3)</u> | 08/15/2015 | Common Stock | 20,000 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|----------------|-------|
| | Director | 10% Owner | Officer | Other |
| Hagely John Todd 1281 MURFREESBORO ROAD NASHVILLE, TN 37217 | | | Sr. VP and CFO | |

Signatures

/s/ John Todd
Hagely
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).
- (1) Pursuant to the terms of the Agreement and Plan of Merger by and among Elara Holdings, Inc., Elara Merger Corporation, and Issuer (the "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) Pursuant to the terms of the Merger Agreement, this option, which provided for vesting in five equal annual installments beginning on August 11, 2004, was cancelled and converted into an option to purchase 637 shares of common stock of Elara Holdings, Inc. for \$988.24 per share on the same terms as the cancelled option.
- (3) Pursuant to the terms of the Merger Agreement, this option, which provided for vesting in five equal annual installments beginning on August 15, 2005, was cancelled and converted into an option to purchase 425 shares of common stock of Elara Holdings, Inc. for \$849.42 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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