



# Edgar Filing: DIRECT GENERAL CORP - Form 4

| 1. Title of<br>Derivative<br>Security<br>(Instr. 3) | 2.<br>Conversion<br>or Exercise<br>Price of<br>Derivative<br>Security | 3. Transaction Date<br>(Month/Day/Year) | 3A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 4.<br>Transaction<br>Code<br>(Instr. 8) | 5. Number of<br>Derivative<br>Securities<br>Acquired (A)<br>or Disposed of<br>(D)<br>(Instr. 3, 4,<br>and 5) | 6. Date Exercisable and<br>Expiration Date<br>(Month/Day/Year) |     | 7. Title and Amount of<br>Underlying Securities<br>(Instr. 3 and 4) |                    |                 |                                     |
|-----------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------|-------------------------------------------------------------|-----------------------------------------|--------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|-----|---------------------------------------------------------------------|--------------------|-----------------|-------------------------------------|
|                                                     |                                                                       |                                         |                                                             | Code                                    | V                                                                                                            | (A)                                                            | (D) | Date<br>Exercisable                                                 | Expiration<br>Date | Title           | Amount<br>or<br>Number<br>of Shares |
| Employee<br>Stock<br>Option<br>(Right to<br>Buy)    | \$ 21                                                                 | 03/30/2007                              |                                                             | D                                       |                                                                                                              | 30,000                                                         |     | <u>(2)</u>                                                          | 08/11/2013         | Common<br>Stock | 30,000                              |
| Employee<br>Stock<br>Option<br>(Right to<br>Buy)    | \$ 18.05                                                              | 03/30/2007                              |                                                             | D                                       |                                                                                                              | 20,000                                                         |     | <u>(3)</u>                                                          | 08/15/2015         | Common<br>Stock | 20,000                              |

## Reporting Owners

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

## Signatures

/s/ John Todd  
Hagely  
03/30/2007  
Date  
Signature of Reporting Person

## 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 "Merger Agreement"), each share of common stock was cancelled and converted into the right to receive a cash payment of \$21.25 per share.
- 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.
- 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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Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.