

WILLIAM C ADAIR JR TRUST
 Form 5
 February 12, 2007

FORM 5

**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).
 Form 3 Holdings Reported Form 4 Transactions Reported

ANNUAL 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

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

(Last) (First) (Middle)

1281 MURFREESBORO RD.

(Street)

NASHVILLE, TN 37217

(City) (State) (Zip)

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

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
 12/31/2006

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 Reporting
 (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) | Amount (A) or (D) | Price | 5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|-------------------|---------|--|--|-----------------------------------|
| Common Stock | 04/24/2006 | Â | G | 2,500 D | \$ 0 | 279,757 | D | Â | |
| Common Stock | 10/16/2006 | Â | G ⁽¹⁾ | 188,589 D | \$ 0 | 42,725 | I | By TA Investments, LP | |
| Common Stock | 10/16/2006 | Â | G ⁽²⁾ | 188,589 D | \$ 0 | 42,725 | I | By WA Investments, LP | |

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| | | | | | | | | | |
|--------------|------------|---|------------------|---------|---|------|-----------|---|-------------------------|
| Common Stock | 10/16/2006 | Â | G ⁽³⁾ | 188,589 | A | \$ 0 | 470,855 | D | Â |
| Common Stock | Â | Â | Â | Â | Â | Â | 4,323,149 | I | By Trust ⁽⁴⁾ |

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 2270 (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) | 8. Price of Derivative Security (Instr. 5) | 9. of |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|-------|
| | | | | | (A) (D) | Date Exercisable Expiration Date | Title | Amount or Number of Shares | |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|-------------|-------|
| | Director | 10% Owner | Officer | Other |
| ADAIR TAMMY R 1281 MURFREESBORO RD. NASHVILLE, TN 37217 | Â | Â | Â President | Â |
| WILLIAM C ADAIR JR TRUST X1Â | Â | Â | Â | Trust |

Signatures

/s/ Tammy R. Adair
Date: 02/12/2007

**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)

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Transfer of 188,409 shares to reporting person and 189 shares to Jacqueline Adair from TA Investments, LP, a limited partnership of which the reporting person is a general partner. The reporting person disclaims beneficial ownership of shares held by the limited partnership except to the extent of her pecuniary interest therein.

- (2) Transfer of 188,409 shares to Jacqueline Adair and 189 shares to reporting person from WA Investments, LP, a limited partnership of which the reporting person is a general partner. The reporting person disclaims beneficial ownership of shares held by the limited partnership except to the extent of her pecuniary interest therein.

- (3) Transfer of 188,409 shares to reporting person from TA Investments, LP, a limited partnership of which the reporting person is a general partner, and 189 shares to reporting person from WA Investments, LP, a limited partnership of which the reporting person is a general partner.

- (4) These shares are owned directly by the William C. Adair, Jr. Trust, a ten percent owner of issuer, and indirectly by Tammy R. Adair as trustee of the trust.

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