

DIRECT GENERAL CORP
Form 5
February 14, 2005

FORM 5

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

OMB APPROVAL
OMB Number: 3235-0362
Expires: January 31, 2005
Estimated average burden hours per response... 1.0

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 WILLIAM C JR

(Last) (First) (Middle)

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

1281 MURFREESBORO ROAD

(Street)

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
12/31/2004

Director 10% Owner
 Officer (give title below) Other (specify below)
Pres, Chairman & CEO

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

6. Individual or Joint/Group Reporting

(check applicable line)

NASHVILLE, TN 37217

Form Filed by One Reporting Person
 Form Filed by More than One Reporting Person

(City) (State) (Zip)

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 at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
				Amount	(A) or (D) Price			
Common Stock	03/23/2004	Â	S	140,000	D \$ 34.25	530,920	I	By Spouse
Common Stock	07/21/2004	Â	G ⁽¹⁾	400,000	D \$ 0	130,920	I	By Spouse
Common Stock	07/21/2004	Â	G ⁽¹⁾	400,000	A \$ 0	530,920	I	By Spouse
Common Stock	11/08/2004	Â	S	40,000	D \$ 29.62	490,920	I	By Spouse

Common Stock	Â	Â	Â	Â	Â	Â	120	D	Â
Common Stock	Â	Â	Â	Â	Â	Â	200	I	By Immediate Family

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

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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)
					(A) (D)	Date Exercisable Expiration Date	Title Amount Number Shares
Employee Stock Option (Right to Buy)	\$ 21	Â	Â	Â	Â Â	08/11/2004 ⁽²⁾ 08/11/2013	Common Stock 300,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
ADAIR WILLIAM C JR 1281 MURFREESBORO ROAD NASHVILLE, TN 37217	Â X	Â	Â Pres, Chairman & CEO	Â

Signatures

By: Matthew P. McClure,
Attorney-In-Fact 02/14/2005

**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).

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- Transfer of shares to WA Investments, LP, a limited partnership of which the reporting person's spouse is a general partner and of which
- (1) the reporting person's spouse and, a grantor retained annuity trust are limited partners. The reporting person disclaims beneficial ownership of DRCT common stock held by WA Investments, LP and owned by the reporting person's spouse.
 - (2) The options vest in five equal annual installments beginning August 11, 2004.

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.