

NIKOLAUS DONALD H  
Form 4  
December 22, 2006

**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 \*  
NIKOLAUS DONALD H

2. Issuer Name and Ticker or Trading Symbol  
DONEGAL GROUP INC [DGICA]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
1520 QUARRY ROAD, PO BOX 286

3. Date of Earliest Transaction (Month/Day/Year)  
12/20/2006

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
President & CEO

(Street)  
SILVER SPRING, PA 17575

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

6. Individual or Joint/Group Filing(Check Applicable Line)  
 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 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)
Class A Common Stock <sup>(1)</sup>	12/20/2006		G	V Amount (D) Price 30,226 D \$ 20.08	250,336.277	D	
Class A Common Stock <sup>(2)</sup>	12/20/2006		G	A \$ 20.08 30,226 A	119,464	I	Family Foundation
Class A Common Stock	12/20/2006		M	A \$ 6.75 75,000 A	325,336.277	D	
Class A Common	12/20/2006		S	A \$ 19.92 75,000 A	250,336.277	D	

Stock

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
Class A Common Stock Options	\$ 6.75	12/20/2006		M	75,000	09/01/2003 04/17/2008	Class A Common Stock	75,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
NIKOLAUS DONALD H 1520 QUARRY ROAD PO BOX 286 SILVER SPRING, PA 17575	X		President & CEO	

## Signatures

Donald H. Nikolaus 12/22/2006

\*\*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) Gift to Nikolaus Family Foundation

(2) Gift Received by Family Foundation

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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