CELADON GROUP INC

Form 4

August 17, 2006

FORM 4

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

OMB 3235-0287 Number:

Check this box if no longer subject to Section 16.

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

January 31, Expires: 2005 Estimated average

OMB APPROVAL

Form 4 or Form 5 obligations may continue. See Instruction

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

burden hours per response... 0.5

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person ** WILL PAUL			2. Issuer Name and Ticker or Trading Symbol	5. Relationship of Reporting Person(s) to Issuer		
			CELADON GROUP INC [CLDN]	(Check all applicable)		
(Last)	(First)	(Middle)	3. Date of Earliest Transaction			
			(Month/Day/Year)	Director 10% Owner		
ONE CELADON DRIVE, 9503			08/15/2006	_X_ Officer (give title Other (specif		
EAST 33RD STREET				below) below) Exec VP, CFO, Asst Sec & Tre		
	(Street)		4. If Amendment, Date Original	6. Individual or Joint/Group Filing(Check		
			Filed(Month/Day/Year)	Applicable Line)		
INDIANAPO	OLIS, IN 46	235-4207		_X_ Form filed by One Reporting Person Form filed by More than One Reporting Person		
(City)	(State)	(Zip)	Toble I Non Desirative Securities A	parity of an Panafiaially Own		

		Table 1 - Non-Derivative Securities Acquired, Disposed of, or Deficition Owned							
1.Title of	2. Transaction Date	2A. Deemed	3.	4. Securit	ies Ac	quired	5. Amount of	6. Ownership	7. Nature of
Security	(Month/Day/Year)	Execution Date, if	Transaction(A) or Disposed of (D)			Securities	Form: Direct	Indirect	
(Instr. 3)		any	Code (Instr. 3, 4 and 5)			Beneficially	(D) or	Beneficial	
		(Month/Day/Year)	(Instr. 8)	(Instr. 8)		Owned	Indirect (I)	Ownership	
							Following	(Instr. 4)	(Instr. 4)
					(Reported		
					(A)		Transaction(s)		
			$\alpha + w$	A	or	ъ.	(Instr. 3 and 4)		
			Code V	Amount	(D)	Price			
Common				67,500		\$			
	08/15/2006		M	(1)	A	2.85	204,637 <u>(1)</u>	D	
Stock				<u>(1)</u>		(1)			
						_			

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

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

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 orDerivative 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 Share
Employee Stock Option (Right to Buy)	\$ 2.85 <u>(1)</u>	08/15/2006		M	67,500 (1)	(2)	04/04/2012(3)	Common Stock	67,50 (1)

Reporting Owners

Reporting Owner Name / Address

Director 10% Owner Officer Other

WILL PAUL ONE CELADON DRIVE 9503 EAST 33RD STREET INDIANAPOLIS, IN 46235-4207

Exec VP, CFO, Asst Sec & Treas

Signatures

/s/ Paul Will, by Heidi Hornung-Scherr, attorney-in-fact, pursuant to a POA previously filed with the SEC

08/17/2006

**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) Adjusted to give effect to the 02/01/2006 and 06/01/2006 three-for-two stock splits.
- Original grant was an option to purchase 30,000 shares (pre-02/01/2006 and 06/01/2006 three-for-two stock splits) of the Issuer's Common Stock, which vested 10,000, 10,000, and 10,000 on 4/4/2003, 4/4/2004, and 4/4/2005, respectively.
- (3) Upon exercise, the derivative security converts on a one-to-one basis into common stock. The exercise price of the derivative security is set forth in Column 2 of Table II of this report.

Note: File three copies of this Form, one of which must be manually signed. If space 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.

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