

CELADON GROUP INC
 Form 4
 February 28, 2006

FORM 4

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

OMB APPROVAL

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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 *
RUSSELL STEPHEN

(Last) (First) (Middle)

**ONE CELADON DRIVE, 9503
 EAST 33RD STREET**

(Street)

INDIANAPOLIS, IN 46235

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
CELADON GROUP INC [CLDN]

3. Date of Earliest Transaction
 (Month/Day/Year)
02/01/2006

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)
Chairman and CEO

6. Individual or Joint/Group Filing(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)	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 Ownership (Instr. 4)
Common Stock				(A) or (D) Price	704,613 ⁽¹⁾	D	

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

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SEC 1474 (9-02)

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 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 Security (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount
Employee Stock Option (Right-to-Buy)	\$ 10 ⁽²⁾	02/01/2006		M		⁽²⁾	03/07/2006	Common Stock	10,000
Call Option (obligation to sell)	\$ 31.4129	02/24/2006		S/K		1 ⁽⁴⁾	02/25/2008	02/25/2008	Common Stock
Put Option (right to sell)	\$ 20.251	02/24/2006		P/K		1 ⁽⁴⁾	02/25/2008	02/25/2008	Common Stock

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
RUSSELL STEPHEN ONE CELADON DRIVE 9503 EAST 33RD STREET INDIANAPOLIS, IN 46235	X			Chairman and CEO

Signatures

/s/ Stephen Russell, by Mark A. Scudder, attorney-in-fact, pursuant to a POA previously filed with the SEC 02/28/2006

__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) Reflects the distribution of the 3-for-2 stock split to which all stockholders of record on February 1, 2006 of the issuer are entitled. With respect to this transaction only, the number of shares reported and price per share do not reflect the distribution of the 3-for-2 stock split to which all stockholders of record on February 1, 2006 of the issuer are entitled, as the February 15, 2006, distribution date had not passed as of the date of option exercise.
- (3) The reporting person was granted an option to purchase 20,000 shares of the issuer's Common Stock on March 7, 1996. Pursuant to a subsequent divorce decree, the reporting person held 10,000 of such options for the benefit of his ex-spouse. On January 20, 2006, the reporting person exercised the option to acquire 10,000 shares to which he was entitled, with such stock acquisition subsequently reported on a Form 4 filed with the SEC on January 24, 2006. On February 1, 2006, the reporting person exercised the option on the remaining 10,000 shares held for the benefit of the ex-spouse, and such shares were issued in the name of the ex-spouse.
- (4) On 02/17/05, reporting person entered into an equity Collar Agreement pursuant to which he wrote a covered call option and purchased a put option. Only one of the options can be in-the-money on the expiration date, at which time the in-the-money option will be exercised (and settled for cash) and the other option will expire. If on the expiration date "Final Price" (a market-based price as determined under

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the terms of the Collar Agreement) is greater than Cap Price, reporting person will deliver cash equal to the difference between Final Price and Cap Price multiplied by the number of underlying shares. If on the expiration date Final Price is less than Floor Price, reporting person will receive cash equal to the difference between Floor Price and Final Price multiplied by the number of underlying shares. If neither option is in-the-money on the expiration date, both options will expire. This transaction has a Floor Price of \$20.251 and a Cap Price of \$31.4129.

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.