

SOUTHSIDE BANCSHARES INC  
 Form 4  
 August 14, 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 \*  
**GIBSON LEE R**

2. Issuer Name and Ticker or Trading Symbol  
**SOUTHSIDE BANCSHARES INC [SBSI]**

5. Relationship of Reporting Person(s) to Issuer  
 (Check all applicable)

(Last) (First) (Middle)  
**SOUTHSIDE BANCSHARES INC, 1201 SOUTH BECKHAM**  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
**08/14/2006**

\_\_\_\_ Director  
 Officer (give title below) \_\_\_\_\_ 10% Owner  
 \_\_\_\_\_ Other (specify below)  
**Executive Vice President**

**TYLER, TX 75701**  
 (City) (State) (Zip)

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

**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)
				(A) or (D)	Price		
				Code	V	Amount	
Common Stock	08/14/2006		M <sup>(1)</sup>		200	A	\$ 5.51 5,046 D
Common Stock	08/14/2006		S <sup>(1)</sup>		200	D	\$ 24.93 4,846 D
Common Stock	08/14/2006		M <sup>(1)</sup>		600	A	\$ 5.51 5,446 D
Common Stock	08/14/2006		S <sup>(1)</sup>		600	D	\$ 24.83 4,846 D

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Common Stock	08/14/2006		<u>M<sup>(1)</sup></u>	200	A	\$ 5.51	5,046	D	
Common Stock	08/14/2006		<u>S<sup>(1)</sup></u>	200	D	\$ 24.81 <u>(1)</u>	4,846	D	
Common Stock	08/14/2006		<u>M<sup>(1)</sup></u>	300	A	\$ 5.51	5,146	D	
Common Stock	08/14/2006		<u>S<sup>(1)</sup></u>	300	D	\$ 24.79 <u>(1)</u>	4,846	D	
Common Stock	08/14/2006		<u>M<sup>(1)</sup></u>	200	A	\$ 5.51	5,046	D	
Common Stock	08/14/2006		<u>S<sup>(1)</sup></u>	200	D	\$ 24.78 <u>(1)</u>	4,846	D	
Common Stock							117	I	Self Cust./Daughter
Common Stock							87	I	Self Cust./Son
Common Stock							7,475.03	I	by ESOP

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 Share	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	
Incentive Stock Option (right to buy)	\$ 5.51	08/14/2006		<u>M<sup>(1)</sup></u>	200	<u>(2)</u>	08/31/2010	Common Stock	200

Incentive Stock Option (right to buy)	\$ 5.51	08/14/2006	M <sup>(1)</sup>	600	(2)	08/31/2010	Common Stock	600
Incentive Stock Option (right to buy)	\$ 5.51	08/14/2006	M <sup>(1)</sup>	200	(2)	08/31/2010	Common Stock	200
Incentive Stock Option (right to buy)	\$ 5.51	08/14/2006	M <sup>(1)</sup>	300	(2)	08/31/2010	Common Stock	300
Incentive Stock Option (right to buy)	\$ 5.51	08/14/2006	M <sup>(1)</sup>	200	(2)	08/31/2010	Common Stock	200
Incentive Stock Option (right to buy)	\$ 5.97				(3)	06/10/2009	Common Stock	22,101
Incentive Stock Option (right to buy)	\$ 6.18				(4)	10/15/2008	Common Stock	4,141
Non-Qualified Stock Option (right to buy)	\$ 5.51				(5)	08/31/2010	Common Stock	3,612
Non-Qualified Stock Option (right to buy)	\$ 5.97				(6)	06/10/2009	Common Stock	65

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
GIBSON LEE R SOUTHSIDE BANCSHARES INC 1201 SOUTH BECKHAM TYLER, TX 75701			Executive Vice President	

## Signatures

Lee R. Gibson                      08/14/2006

\*\*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) Mr. Gibson exercised 1,500 option shares in a cashless transaction on 8-14-06 issued 8-31-00, under the 1993 Incentive Stock Option Plan.

(2) Vested 20% per year and became fully exercisable 08/31/2005.

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- (3) Options vest 20% per year and currently 80% are fully exercisable.
- (4) Vested 20% per year and became fully exercisable 10/15/2003.
- (5) Non-Qualified Incentive Stock Option became fully exercisable 08/31/01.
- (6) Non-qualified Incentive Stock Option became fully exercisable 06/10/2000.

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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