

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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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 *
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 _____ 10% Owner
 Officer (give title below) _____ 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 ⁽¹⁾ | | 200 | A | \$ 5.51 5,046 D |
| Common Stock | 08/14/2006 | | S ⁽¹⁾ | | 200 | D | \$ 24.93 4,846 D |
| Common Stock | 08/14/2006 | | M ⁽¹⁾ | | 600 | A | \$ 5.51 5,446 D |
| Common Stock | 08/14/2006 | | S ⁽¹⁾ | | 600 | D | \$ 24.83 4,846 D |

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| | | | | | | | | | | |
|--------------|------------|--|-------------------------|-----|---|---------------------------|----------|---|--|---------------------|
| Common Stock | 08/14/2006 | | <u>M</u> ⁽¹⁾ | 200 | A | \$ 5.51 | 5,046 | D | | |
| Common Stock | 08/14/2006 | | <u>S</u> ⁽¹⁾ | 200 | D | \$ 24.81 <u>(1)</u> | 4,846 | D | | |
| Common Stock | 08/14/2006 | | <u>M</u> ⁽¹⁾ | 300 | A | \$ 5.51 | 5,146 | D | | |
| Common Stock | 08/14/2006 | | <u>S</u> ⁽¹⁾ | 300 | D | \$ 24.79 <u>(1)</u> | 4,846 | D | | |
| Common Stock | 08/14/2006 | | <u>M</u> ⁽¹⁾ | 200 | A | \$ 5.51 | 5,046 | D | | |
| Common Stock | 08/14/2006 | | <u>S</u> ⁽¹⁾ | 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 | Amount or Number of Share |
| Incentive Stock Option (right to buy) | \$ 5.51 | 08/14/2006 | | <u>M</u> ⁽¹⁾ | 200 | <u>(2)</u> | 08/31/2010 | Common Stock | 200 |

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