

SOUTHSIDE BANCSHARES INC  
 Form 5  
 December 29, 2006

**FORM 5**

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

OMB APPROVAL  
 OMB Number: 3235-0362  
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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). Form 3 Holdings Reported Form 4 Transactions Reported

**ANNUAL 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

1. Name and Address of Reporting Person \*  
**HARTLEY BG**

(Last) (First) (Middle)

**SOUTHSIDE BANCSHARES  
 INC, 1201 SOUTH BECKHAM**

(Street)

**TYLER, TX 75701**

(City) (State) (Zip)

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

3. Statement of Issuer's Fiscal Year Ended (Month/Day/Year)  
 12/31/2006

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)  
 Director, COB & CEO

6. Individual or Joint/Group Reporting

(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 at end of Issuer's Fiscal Year (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)  | Amount or Price  |  |   |
| Common Stock                    | 01/03/2006                           | Â  | I <sup>(1)</sup>               | A   | 181.58 \$ 6.36   | 2,618.94   | I By ESOP for Spouse                                  |
| Common Stock                    | 03/24/2006                           | Â  | J <sup>(2)</sup>               | A   | 89.63 \$ 20.09   | 17,275.32  | I By Spouse/Sep. Prop.                                |
| Common Stock                    | 06/19/2006                           | Â  | J <sup>(2)</sup>               | A   | 84.78 \$ 22.42   | 17,360.1   | I By Spouse/Sep.                                      |

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|              |            |   |                  |         |   |          |           |   |                               |
|--------------|------------|---|------------------|---------|---|----------|-----------|---|-------------------------------|
| Common Stock | 09/14/2006 | Â | J <sup>(2)</sup> | 76.06   | A | \$ 25.11 | 17,436.16 | I | Prop.<br>By Spouse/Sep. Prop. |
| Common Stock | 12/15/2006 | Â | J <sup>(2)</sup> | 95.35   | A | \$ 25.6  | 17,531.51 | I | By Spouse/Sep. Prop.          |
| Common Stock | 01/03/2006 | Â | I <sup>(1)</sup> | 1,026.1 | A | \$ 6.31  | 14,844.85 | I | by ESOP                       |
| Common Stock | Â          | Â | Â                | Â       | Â | Â        | 130,959   | D | Â                             |

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

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

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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 |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|
| Incentive Stock Option (right to buy)      | \$ 5.44  | Â                                    | Â  | Â                              | Â (A) Â (D)   | Â <sup>(3)</sup> 06/05/2007                              | Common Stock  | 19,55                      |
| Incentive Stock Option (right to buy)      | \$ 5.51  | Â                                    | Â  | Â                              | Â (A) Â (D)   | Â <sup>(4)</sup> 08/31/2010                              | Common Stock  | 41,20                      |
| Incentive Stock Option (right to buy)      | \$ 5.97  | Â                                    | Â  | Â                              | Â (A) Â (D)   | Â <sup>(5)</sup> 06/10/2009                              | Common Stock  | 21,80                      |
| Incentive Stock Option (right to buy)      | \$ 6.18  | Â                                    | Â  | Â                              | Â (A) Â (D)   | Â <sup>(6)</sup> 10/15/2008                              | Common Stock  | 4,14                       |
| Non-Qualified Stock Option (right to buy)  | \$ 5.51  | Â                                    | Â  | Â                              | Â (A) Â (D)   | Â <sup>(7)</sup> 08/31/2010                              | Common Stock  | 8,04                       |

|   |         |   |   |   |   |   |   |       |            |                 |     |
|---|---------|---|---|---|---|---|---|-------|------------|-----------------|-----|
| Non-Qualified<br>Stock Option<br>(right to buy) | \$ 5.97 | Â | Â | Â | Â | Â | Â | Â (8) | 06/10/2009 | Common<br>Stock | 362 |
|---|---------|---|---|---|---|---|---|-------|------------|-----------------|-----|

## Reporting Owners

| Reporting Owner Name / Address  | Relationships |           |                       |       |
|---|---------------|-----------|-----------------------|-------|
|   | Director      | 10% Owner | Officer               | Other |
| HARTLEY BG<br>SOUTHSIDE BANCSHARES INC<br>1201 SOUTH BECKHAM<br>TYLER, TX 75701 | Â X           | Â         | Â Director, COB & CEO | Â     |

## Signatures

B. G. Hartley                      12/29/2006

\*\*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) ESOP allocation for plan year ending 12-31-05.
- (2) Shares acquired pursuant to Southside Bancshares, Inc. Dividend Reinvestment Plan.
- (3) Vested 20% per year and became fully exercisable 06/05/2002.
- (4) Vested 20% per year and became fully exercisable 08/31/2005.
- (5) Options vest 20% per year and currently 80% are fully exercisable.
- (6) Vested 20% per year and became fully exercisable 10/15/2003.
- (7) Non-qualified Incentive Stock Option became fully exercisable 08/31/2002.
- (8) Non-qualified Incentive Stock Option became fully exercisable 06/10/2000.

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