

SOUTHSIDE BANCSHARES INC
 Form 5
 December 29, 2006

FORM 5

**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).
 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 *
 DAWSON CHARLES E

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)

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

Director 10% Owner
 Officer (give title below) Other (specify below)
 Director, President & Secy.

SOUTHSIDE BANCSHARES INC, 1201 SOUTH BECKHAM
 (Street)

4. If Amendment, Date Original Filed (Month/Day/Year)

6. Individual or Joint/Group Reporting
 (check applicable line)

TYLER, TX 75701

Form Filed by One Reporting Person
 Form Filed by More than One Reporting Person

(City) (State) (Zip)

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) Amount (A) or (D) Price	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)
Common Stock	03/24/2006	^	J ⁽¹⁾	11.16 A \$ 20.09	2,150.44	I	by Spouse
Common Stock	06/19/2006	^	J ⁽¹⁾	10.55 A \$ 22.42	2,160.99	I	by Spouse
Common Stock	09/14/2006	^	J ⁽¹⁾	9.47 A \$ 25.11	2,170.46	I	by Spouse
Common	12/15/2006	^	J ⁽¹⁾	11.87 A \$ 25.6	2,182.33	I	by Spouse

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Stock

Common Stock	Â	Â	Â	Â	Â	Â	43,119	D	Â
Common Stock	Â	Â	Â	Â	Â	Â	11,713.43	I	SSB Tr/self Emp S/P
Common Stock	Â	Â	Â	Â	Â	Â	8,155.27	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 Shares
Incentive Stock Option (right to buy)	\$ 5.44	Â	Â	Â	Â (A) Â (D)	Â (2) 06/05/2007	Common Stock	19,55
Incentive Stock Option (right to buy)	\$ 5.51	Â	Â	Â	Â (A) Â (D)	Â (3) 08/31/2010	Common Stock	31,24
Incentive Stock Option (right to buy)	\$ 5.97	Â	Â	Â	Â (A) Â (D)	Â (4) 06/10/2009	Common Stock	21,80
Incentive Stock Option (right to buy)	\$ 6.18	Â	Â	Â	Â (A) Â (D)	Â (5) 10/15/2008	Common Stock	4,14
Non-Qualified Stock Option (right to buy)	\$ 5.51	Â	Â	Â	Â (A) Â (D)	Â (6) 08/31/2010	Common Stock	3,93
Non-Qualified Stock Option (right to buy)	\$ 5.97	Â	Â	Â	Â (A) Â (D)	Â (7) 06/10/2009	Common Stock	362

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
DAWSON CHARLES E SOUTHSIDE BANCSHARES INC 1201 SOUTH BECKHAM TYLER, TX 75701	X		Director, President & Secy.	

Signatures

Charles E. (Sam) Dawson
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) Shares acquired pursuant to Southside Bancshares, Inc. Dividend Reinvestment Plan.
- (2) Vested 20% per year and became fully exercisable 06/05/2002.
- (3) Vested 20% per year and became fully exercisable 08/31/2005.
- (4) Options vest 20% per year and currently 80% are fully exercisable.
- (5) Vested 20% per year and became fully exercisable 10/15/2003.
- (6) Non-Qualified Incentive Stock Option became fully exercisable 08/31/01.
- (7) 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 provided 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.