

PROSPERITY BANCSHARES INC
Form 4
March 16, 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 *
ROLLINS JAMES D III

2. Issuer Name and Ticker or Trading Symbol
PROSPERITY BANCSHARES INC
[PRSP]

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

(Last) (First) (Middle)
4295 SAN FELIPE
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
03/15/2006

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Senior Vice President

HOUSTON, TX 77027

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

(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) (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)
			Code	V Amount (A) or (D) Price			
Common Stock	03/15/2006		M	4,000 A \$ 3.125	36,516 ⁽¹⁾	D	
Common Stock					4,000	I	By spouse IRA
Common Stock					30,000	I	Through IRA
Common Stock					22,137	I	Through 401(k) Plan

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)

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 (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
Employee stock option (right to buy)	\$ 3.125	03/15/2006		M	4,000	02/10/2003 ⁽³⁾ 02/10/2008	Common Stock	4,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
ROLLINS JAMES D III 4295 SAN FELIPE HOUSTON, TX 77027			Senior Vice President	

Signatures

/s/ James D.
Rollins III

03/16/2006

**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) The total beneficial ownership of the reporting person after giving effect to the transaction reported on this Form 4 is reported in rows 1-4.
 - (2) There was no price associated with the stock option grant.
 - (3) The option vests ratably over a ten year period beginning on 2/10/1999; however, no option could be exercised until 2/10/2003.

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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