

PROSPERITY BANCSHARES INC
 Form 4
 July 25, 2008

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 *
 HOLMES NED S

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)

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

Director 10% Owner
 Officer (give title below) Other (specify below)

55 WAUGH DRIVE, SUITE 1111

07/23/2008

(Street)

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

HOUSTON, TX 77027

(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 Indirect Ownership (Instr. 4)
Common Stock	07/23/2008		S ⁽¹⁾	V Amount \$ 63,000 D 31.82	395,205	D	
Common Stock					8,820	I	As trustee of grandchildren's trust
Common Stock					186,902 ⁽²⁾	I	By profit sharing plan
Common Stock					27,500	I	As trustee of SSH trust for adult daughter
					27,500	I	

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Common Stock								As trustee of SSH trust for adult daughter	
Common Stock						2,480	I	By trust	
Common Stock						2,480	I	By trust	
Common Stock	07/23/2008		S ⁽¹⁾	80,000	D	\$ 31.82	280,070	I	By limited partnership
Common Stock	07/24/2008		S ⁽¹⁾	10,000	D	\$ 31.82	270,070	I	By limited partnership

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

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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)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned (Instr. 6)
						Date Exercisable	Expiration Date	Title	Amount or Number of Shares
					Code V (A) (D)				

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
HOLMES NED S 55 WAUGH DRIVE, SUITE 1111 HOUSTON, TX 77027		X		

Signatures

/s/ Peter Fisher, attorney
in fact

07/25/2008

__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 sales reported on this Form 4 were effected pursuant to a Rule 10b5-1 trading plan adopted by each of the reporting person and the limited partnership on May 19, 2008.
- (2) Includes 458 shares acquired through the Prosperity Bancshares, Inc. dividend reinvestment plan since the last filing by the reporting person.

Note: File three copies of this Form, one of which must be manually signed. If space 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.