

MID-STATE BANCSHARES  
Form 8-K  
October 27, 2006

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) **October 25, 2006**

**MID-STATE BANCSHARES**

(Exact Name of registrant as specified in its charter)

**California**  
(State or other jurisdiction  
of incorporation)

**000-23925**  
(Commission  
File Number)

**77-0442667**  
(IRS Employer  
Identification No.)

**1026 East Grand Avenue, Arroyo Grande, CA**  
(Address of principal executive offices)

**93420**  
(Zip Code)

Registrant's telephone number, including area code **(805) 473-7700**

**N/A**

(Former name or former address, if changed since last report.)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- o Written communications Pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**SECTION 2 FINANCIAL INFORMATION**

**Item 2.02 Results of Operations and Financial Condition.**

On October 25, 2006, Mid-State Bancshares reported diluted earnings of \$0.39 per share for the third quarter of 2006 on net income of \$8.9 million.

Results in the quarter continued to be impacted by increased non-interest expense compared to the prior year reflecting, primarily, increases in staffing for growth and compliance, benefit cost increases and adoption of Statement of Financial Accounting Standards (SFAS) No. 123(R), Share-Based Payments, which changes the method of accounting for costs of stock options and other equity compensation. The adoption of the new accounting statement alone reduced earnings by approximately \$419,000 after tax, or \$0.02 per share. Net income for the third quarter of 2005 was \$9.5 million, or \$0.41 per share.

For the first nine months of 2006, net income was \$26.6 million, or \$1.17 per diluted share, compared to \$28.1 million and \$1.20 per share for the first nine months of 2005. Adoption of SFAS No. 123(R) reduced 2006 earnings by approximately \$1.2 million after tax for the first nine months, or \$0.05 per share.

Please refer to the Press Release dated October 25, 2006, attached hereto and made a part hereof.

**SECTION 9 FINANCIAL STATEMENTS AND EXHIBITS**

**Item 9.01 - Financial Statements and Exhibits.**

**Exhibits**

**Exhibit**

<b>No.</b>	<b>Description</b>
99	Press Release announcing third quarter earnings dated October 25, 2006

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**Registrant:**

**MID-STATE BANCSHARES**

**Date:** October 26, 2006

**By:** /s/ James W. Lokey  
James W. Lokey  
President  
Chief Executive Officer

**By:** /s/ James G. Stathos  
James G. Stathos  
Executive Vice President  
Chief Financial Officer

**EXHIBIT INDEX**

Exhibit

No.

99

**Description**

Press Release announcing third quarter earnings dated October 25, 2006

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