

MIDSOUTH BANCORP INC

Form DEF 14A

April 15, 2005

Table of Contents

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

- | | |
|---|--|
| <input type="checkbox"/> Preliminary Proxy Statement | <input type="checkbox"/> Confidential, for Use of Commission |
| <input checked="" type="checkbox"/> Definitive Proxy Statement | Only (as permitted by Rule 14a-6(e)(2)) |
| <input type="checkbox"/> Definitive Additional Materials | |
| <input type="checkbox"/> Soliciting Material Pursuant to par 240.14a-11(c) or par. 240.14a-12 | |

MidSouth Bancorp, Inc.

(Name of Registrant as Specified In Its Charter)

Board of Directors of MidSouth Bancorp, Inc.

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- ☐ \$125 per Exchange Act Rules 0-11(c)(1)(ii), 14a-6(i)(1), 14a-6(i)(2) or item 22(a)(2) of Schedule 14A.
- ☐ \$500 per each party to the controversy pursuant to Exchange Act Rule 14a-6(i)(3).
- ☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
 - 1) Title of each class of securities to which transaction applies:
 - 2) Aggregate number of securities to which transaction applies:
 - 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):
 - 4) Proposed maximum aggregate value of transaction:
 - 5) Total Fee Paid:
- ☐ Fee paid previously with preliminary materials.
- ☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- 1) **Amount Previously Paid:**
 - 2) **Form, Schedule or Registration Statement No.:**
 - 3) **Filing Party:**
 - 4) **Date Filed:**
-

TABLE OF CONTENTS

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

PROXY STATEMENT

ELECTION OF DIRECTORS

SECURITY OWNERSHIP OF MANAGEMENT

AND CERTAIN BENEFICIAL OWNERS

EXECUTIVE COMPENSATION AND CERTAIN TRANSACTIONS

COMPENSATION COMMITTEE REPORT

AUDIT COMMITTEE REPORT

RELATIONSHIP WITH INDEPENDENT PUBLIC ACCOUNTANTS

Table of Contents

MIDSOUTH BANCORP, INC.

102 Versailles Boulevard
Versailles Centre
Lafayette, Louisiana 70501

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Lafayette, Louisiana
April 25, 2005

The annual meeting of shareholders of MidSouth Bancorp, Inc. (MidSouth) will be held on Thursday, May 26, 2005, at 4:00 p.m., local time, at The MCM Eleganté, at 2355 I-10 South, Beaumont, Texas, 77705 to elect directors and to consider such other matters as may properly come before the meeting or any adjournments thereof.

Only holders of record of MidSouth common stock at the close of business on March 28, 2005, are entitled to notice of and to vote at the meeting.

Your vote is important regardless of the number of shares you own. **WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE MARK, DATE AND SIGN THE ENCLOSED PROXY AND RETURN IT PROMPTLY IN THE ACCOMPANYING ENVELOPE. YOUR PROXY MAY BE REVOKED BY APPROPRIATE NOTICE TO MIDSOUTH S SECRETARY AT ANY TIME PRIOR TO THE VOTING THEREOF.**

BY ORDER OF THE BOARD
OF DIRECTORS

Karen L. Hail
Secretary

Table of Contents

MIDSOUTH BANCORP, INC.

102 Versailles Boulevard
Versailles Centre
Lafayette, Louisiana 70501

PROXY STATEMENT

This Proxy Statement is furnished holders of common stock of MidSouth Bancorp, Inc. (MidSouth) in connection with the solicitation on behalf of its Board of Directors (the Board) of proxies for use at MidSouth s annual shareholders meeting (the Meeting) to be held on Thursday, May 26, 2005, at the time and place shown in the accompanying notice and at any adjournments thereof. This Proxy Statement is first being mailed to shareholders about April 25, 2005.

Only holders of record of MidSouth common stock (Common Stock) at the close of business on March 28, 2005, are entitled to notice of and to vote at the Meeting. On that date, MidSouth had outstanding 4,487,135 shares of Common Stock.

The presence, in person or by proxy, of a majority of the outstanding shares of Common Stock entitled to vote is necessary to constitute a quorum. If a quorum is present, directors are elected by plurality vote; with respect to any other proposal that may properly come before the Meeting, if the Board has recommended it by the affirmative vote of the majority of the Continuing Directors, as defined in MidSouth s Articles of Incorporation (Articles), then, generally, the affirmative vote of a majority of the votes cast is required to approve it, but if it is not so recommended, then the affirmative vote of 80% of the Total Voting Power, as defined in the Articles, is required to approve it. MidSouth s By-laws provide that the Continuing Directors will appoint the Judge(s) of Election and that all questions as to the qualification of voters, validity of proxies and the acceptance or rejection of votes will be decided by the Judge(s).

Abstentions or broker non-votes will have no effect on the election of directors. With respect to any other proposal, abstentions and broker non-votes will be counted as votes not cast and will have no effect on any proposal requiring a majority of votes cast to approve it and will have the effect of a vote against any proposal requiring an affirmative vote of a percentage of the Total Voting Power.

All proxies received in the form enclosed will be voted as specified and, in the absence of instructions to the contrary, will be voted for the election of the persons named herein. MidSouth does not know of any matters to be presented at the Meeting other than those described herein; however, if any other matters properly come before the Meeting or any adjournments thereof, it is the intention of the persons named in the enclosed proxy to vote the shares represented by them in accordance with their best judgment.

The enclosed proxy may be revoked by the shareholder at any time prior to its exercise by filing with MidSouth s Secretary a written revocation or a duly executed proxy bearing a later date. A shareholder who votes in person in a manner inconsistent with a proxy previously filed on his or her behalf will be deemed to have revoked the proxy as to the matters voted upon in person.

Table of Contents

The cost of soliciting proxies in the enclosed form will be borne by MidSouth. In addition to the use of the mail, proxies may be solicited by personal interview, telephone, telegraph, facsimile, internet, and e-mail. Banks, brokerage houses and other nominees or fiduciaries may be requested to forward the soliciting material to their principals and to obtain authorization for the execution of proxies, and MidSouth will, upon request, reimburse them for their expenses in so acting.

ELECTION OF DIRECTORS

The Articles provide for three classes of directors, with one class to be elected at each annual meeting for a three-year term. At the Meeting, Class III Directors will be elected to serve until the third succeeding annual meeting and until their successors have been duly elected and qualified.

Unless authority is withheld, the persons named in the enclosed proxy will vote the shares represented by the proxies received by them for the election of the three Class III director nominees named below. In the unanticipated event that one or more nominees cannot be a candidate at the Meeting, the shares represented will be voted in favor of such other nominees as may be designated by the Board. Directors will be elected by plurality vote.

Other than the Board, only shareholders entitled to vote for the election of directors who have complied with the procedures of Article IV(H) of MidSouth's Articles may nominate a person for election. To do so, the shareholder must have given written notice to MidSouth by December 6, 2004, of the following: (1) as to each person whom he or she proposes to nominate, (a) his or her name, age, business address, residential address, principal occupation or employment, and the class and number of shares of MidSouth's stock of which he or she is the beneficial owner and (b) any other information relating to such person that would be required to be disclosed in solicitations of proxies for the election of directors by Regulation 14A under the Securities Exchange Act of 1934; and (2) as to the shareholder giving the notice, (a) his or her name and address and the class and number of shares of stock of MidSouth of which he or she is the beneficial owner and (b) a description of any agreements, arrangements or relationships between the shareholder and each person he or she proposes to nominate. Two inspectors, not affiliated with MidSouth, appointed by MidSouth's Secretary, will determine whether the notice provisions were met; if they determine that the shareholder has not complied with Article IV(H), the defective nomination will be disregarded.

Table of Contents

The following table sets forth certain information as of March 21, 2005, with respect to each director nominee and each director whose term as a director will continue after the Meeting. Unless otherwise indicated, each person has been engaged in the principal occupation shown for at least the past five years. The Board recommends a vote FOR each of the three nominees named below.

Director Nominees for terms to expire in 2008 (Class III Directors)

Name	Age	Principal Occupation	Year First Became Director
James R. Davis, Jr.	52	Owner/President, Davis-Wade Financial Services, L.L.C.; Chairman, MidSouth Audit Committee (Lead Director)	1991
Karen L. Hail	51	Senior Executive Vice President/Chief Operations Officer, MidSouth Bancorp and MidSouth Bank, N.A. (the Bank), MidSouth's wholly-owned subsidiary	1988
Milton B. Kidd, III, O.D.	56	Optometrist, Kidd & Associates, L.L.C.	1996

Directors whose terms expire in 2006 (Class I Directors)

Name	Age	Principal Occupation	Year First Became Director
C. R. Cloutier	57	President and C.E.O., MidSouth and the Bank	1984
J. B. Hargroder, M.D.	74	Physician, retired; Vice Chairman, MidSouth Board	1984
Ron D. Reed	51	President and C.E.O., Lamar Bank, MidSouth's wholly-owned subsidiary	2004
William M. Simmons	71	Private Investments	1984

Directors whose terms expire in 2007 (Class II Directors)

Name	Age	Principal Occupation	Year First Became Director
Will G. Charbonnet, Sr.	57	Chairman of the Board, MidSouth and the Bank; Treasurer, Lafayette Catholic Book Store; Computer/Business Consultant (1986-Present); Director Lafayette Catholic Social Services (non-profit charity)	1984

Clayton Paul Hilliard	79	President/Owner: Badger Oil Corporation, Badger Oil & Gas Ltd., Convexx Oil and Gas, Inc., Warlord Oil Corporation	1985
--------------------------	----	--	------

- 4 -

Table of Contents

Name	Age	Principal Occupation	Year First Became Director
Stephen C. May	56	Publisher and principal shareholder MayDay Communications, L.L.C.- <i>The Independent Weekly</i> ; Investor and business consultant (1999-Present)	2000
Joseph V. Tortorice, Jr.	56	President, Deli Management, Inc.; Chairman of the Board, Lamar Bank, MidSouth's wholly-owned subsidiary	2004

Corporate Governance

Shareholder, Board of Director and Committee Meetings. During 2004, the Board held fifteen meetings. Each incumbent director attended at least 75% of the aggregate number of meetings held during 2004 of the Board and committees of which he or she was a member. While the Company encourages all members of the Board to attend annual meetings, there is no formal policy as to their attendance. It is a rare occasion, however, when all members of the Board are not present for the shareholder meeting. At the annual meeting of May 18, 2004, all directors were in attendance.

Board of Director Independence. Each year, the Corporate Governance and Nominating Committee reviews the relationships that each director has with the Company and with other parties. Only those directors who do not have any relationships that preclude them from being independent within the meaning of applicable American Stock Exchange (AMEX) rules and who the Corporate Governance and Nominating Committee affirmatively determines have no relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director are considered to be independent directors. The Corporate Governance and Nominating Committee has reviewed a number of factors to evaluate the independence of each board member. These factors include the directors' relationships with the Company and its competitors, suppliers and customers; their relationships with management and other directors; the relationships their current and former employers have with the Company; and the relationships between the Company and other companies of which the members are directors or executive officers. After evaluating these factors, the Board has determined that Messrs. Charbonnet, Davis, Hargroder, Hilliard, Kidd, May, Simmons, Tortorice and Weir are independent directors within the meaning of applicable AMEX rules.

Shareholder Communications. Shareholders may communicate directly with members of the Board or the individual chairman of standing committees by writing directly to those individuals at the following address: P. O. Box 3745, Lafayette, LA 70502. The Company's policy is to forward, and not to intentionally screen, any mail received at the Company's corporate office that is directed to an individual, unless the Company believes the communication may pose a security risk.

Code of Ethics. The Board has adopted a Code of Ethics for directors, officers and employees of the corporation. It is intended to promote honest and ethical conduct, full and accurate reporting, and compliance with laws as well as other matters. A copy of the Code

Table of Contents

of Ethics is posted on the Corporate Relations page of the Company's website at www.midsouthbank.com.

The Board has an Audit Committee, an Executive Committee, a Personnel Committee, and a Corporate Governance and Nominating Committee.

The members of the Audit Committee are Messrs. Davis, Charbonnet, Hilliard and Kidd. The Committee, which held nine meetings in 2004, is responsible for carrying out the Audit Committee Charter which is attached to the Proxy Statement as Exhibit B.

The members of the Executive Committee are Messrs. Charbonnet, Cloutier and Hargroder. The Committee's duties include shareholder relations, Bank examination and Securities and Exchange Commission (SEC) reporting. The Committee met thirteen times in 2004.

The members of the Personnel Committee are Messrs. Charbonnet, Davis, Hargroder, Hilliard, Kidd, May and Simmons. The Committee, which met four times in 2004, is responsible for evaluating the performance and setting the compensation of MidSouth's executive officers and administering MidSouth's Stock Incentive Plan.

The members of the Corporate Governance and Nominating Committee are Messrs. Charbonnet, Hargroder and Hilliard. The Committee assists the Board in making determinations of director independence, assessing overall and individual Board performance and recommending director candidates including those recommendations submitted by shareholders. The Committee met once in 2004.

Although the Corporate Governance and Nominating Committee does not have a formal charter, it does operate under Corporate Governance Principles that are attached to this proxy statement, and it is the Committee's policy that candidates for director possess the highest personal and professional integrity, have demonstrated exceptional ability and judgment, and have skills and expertise appropriate for the Company and serving the long-term interest of the Company's shareholders. The Committee's process for identifying and evaluating nominees is as follows: (1) in the case of incumbent directors whose terms of office are set to expire, the Committee reviews such directors' overall service to the Company during their terms, including the number of meetings attended, level of participation, quality of performance, and any related party transactions with the Company during the applicable time period; and (2) in the case of new director candidates, the Committee first conducts any appropriate and necessary inquiries into the backgrounds and qualifications of possible candidates after considering the function and needs of the Board. The Committee meets to discuss and consider such candidates' qualification, including whether the nominee is independent within the meaning of AMEX rules, and then selects a candidate for recommendation to the Board by majority vote. In seeking potential nominees, the Corporate Governance and Nominating Committee uses its and management's network of contacts to compile a list of potential candidates, but may also engage, if it deems appropriate, a professional search firm. To date, the Committee has not paid a fee to any third party to assist in the process of identifying or evaluating director candidates.

Table of Contents

The Corporate Governance and Nominating Committee will consider director candidates recommended by shareholders provided the shareholders follow the procedures set forth in Article IV(H) of the Company's Articles. The committee does not intend to alter the manner in which it evaluates candidates, including the criteria set forth above, based on whether the candidate was recommended by a shareholder or otherwise.

Eligible shareholders who desire to present a proposal qualified for inclusion in the proxy materials relating to the 2006 annual meeting must forward such proposal to the Secretary of MidSouth at the address listed on the first page of this Proxy Statement in time to arrive at MidSouth before December 13, 2005.

The Board has adopted a Statement of Corporate Governance Principles, a copy of which is attached as Exhibit A to this proxy statement.

A majority of the directors of MidSouth are also directors of the Bank. Directors are entitled to fees of \$100 per month for service on the MidSouth Board and \$200 per month for service on the Bank Board. The Chairman of the Board receives an additional \$750 per month, the Vice Chairman receives an additional \$350 per month and the Chairman of the Audit Committee receives an additional \$670 per month. Each director also receives \$350 for each regular meeting, and \$125 for each special meeting of the Board of the Bank, and \$150 for the first hour, and \$75 per hour for each additional hour, of each committee meeting. Directors receive meeting fees only for meetings they attend.

In 1997 directors who were not employees were granted options to purchase up to 15,081 shares of Common Stock at \$4.85 per share, the fair market value on the date of grant, exercisable in annual 20% increments beginning one year from the date of grant. Stephen C. May, a more recent addition to the Board, was granted options in 2002 to purchase up to 8,938 shares of Common Stock at \$9.46 per share, the fair market value on the date of grant, exercisable in annual 20% increments beginning one year from the date of grant.

The Securities and Exchange Act of 1934 and applicable SEC regulations require MidSouth's directors, executive officers and ten percent shareholders to file with the SEC initial reports of ownership and reports of changes in ownership of equity securities of MidSouth, and to furnish MidSouth with copies of all the reports they file. To MidSouth's knowledge, based on a review of reports furnished to MidSouth, all required reports were filed timely.

Table of Contents**SECURITY OWNERSHIP OF MANAGEMENT
AND CERTAIN BENEFICIAL OWNERS****Security Ownership of Management**

The following table sets forth certain information as of March 21, 2005, concerning the beneficial ownership of Common Stock by each director and nominee of MidSouth, by each executive officer named in the Summary of Executive Compensation Table below, and by all directors and executive officers as a group. Unless otherwise indicated, the securities are held with sole voting and investment power.

Name	Amount and Nature of Beneficial Ownership ⁽¹⁾	Percent of Class
Will G. Charbonnet, Sr.	125,819 ^(1,2)	2.79%
C. R. Cloutier	285,703 ^(1,3)	6.29%
James R. Davis, Jr.	63,632 ⁽⁴⁾	1.41%
Karen L. Hail	103,898 ⁽⁵⁾	2.30%
J. B. Hargroder, M.D.	355,879 ^(1,6)	7.91%
Clayton Paul Hilliard	170,781 ⁽⁷⁾	3.79%
Milton B. Kidd, III, O.D.	165,538 ⁽⁸⁾	3.68%
Stephen C. May	103,575 ⁽⁹⁾	2.31%
Ron D. Reed	7,262	.16%
William M. Simmons	147,245 ⁽¹⁰⁾	3.27%
Joseph V. Tortorice, Jr.	50,827	1.13%
Lonnie C. Weir	7,791	.17%
Jennifer S. Fontenot	23,699 ⁽¹¹⁾	.53%
Donald R. Landry	78,157 ⁽¹²⁾	1.73%
A. Dwight Utz	7,977 ⁽¹³⁾	.18%
All directors and executive officers as a group (18 persons)	1,728,960	36.92%

- (1) Common Stock held by MidSouth's Directors' Deferred Compensation Trust (the Trust) is beneficially owned by its Plan Administrator, MidSouth's Executive Committee, the members of which could be deemed to share beneficial ownership with respect to all Common Stock held in the Trust (230,818 shares or 5.14% as of March 21, 2005). For each director, the table includes

- 8 -

Table of Contents

the number of shares held for his or her account only, while the group figure includes all shares held in the Trust at March 21, 2005. Common Stock held by MidSouth's Employee Ownership Plan (the ESOP) is not included in the table, except that shares allocated to an individual's account are included as beneficially owned by that individual. Shares which may be acquired by exercise of currently exercisable options are deemed outstanding for purposes of computing the percentage of outstanding Common Stock owned by persons beneficially owning such shares and by all directors and executive officers as a group but are not otherwise deemed to be outstanding.

- (2) Includes 31,253 shares as to which he shares voting and investment power, 33,132 shares held for his account in the Trust and 15,081 shares, which he may acquire within 60 days pursuant to currently exercisable stock options (Current Options).
- (3) Includes 35,647 shares held by the ESOP for his account, 103,629 shares as to which he shares voting and investment power, 40,343 shares held for his account in the Trust, and 53,436 shares under Current Options. Mr. Cloutier's address is P. O. Box 3745, Lafayette, Louisiana 70502.
- (4) Includes 8,402 shares as to which he shares voting and investment power, 26,201 shares held for his account in the Trust and 15,081 shares under Current Options.
- (5) Includes 34,806 shares held for her account in the ESOP, 866 shares as to which she shares voting and investment power, 25,874 shares held for her account in the Trust and 34,239 shares under Current Options.
- (6) Includes 308,923 shares as to which he shares voting and investment power, 35,625 shares held for his account in the Trust, and 11,331 shares under Current Options. Dr. Hargroder's address is P. O. Box 1049, Jennings, Louisiana 70546.
- (7) Includes 107,252 shares as to which he shares voting and investment power, 15,073 shares held for his account in the Trust and 15,081 shares under Current Options.
- (8) Includes 11,892 shares held for his account in the Trust and 7,581 shares under Current Options.
- (9) Includes 3,575 shares under Current Options.
- (10) Includes 4,221 shares as to which he shares voting and investment power, 34,151 shares held for his account in the Trust, and 11,331 shares under Current Options.
- (11) Includes 17,223 shares held for her account in the ESOP and 6,476 shares under Current Options.
- (12) Includes 34,506 shares as to which he shares voting and investment power, 16,151 shares held for his account in the ESOP and 10,098 shares under Current Options.
- (13) Includes 2,255 shares as to which he shares voting and investment power, 922 shares held for his account in the ESOP and 4,800 shares under Current Options.

Table of Contents**Security Ownership of Certain Beneficial Owners**

The following table sets forth certain information as of March 21, 2005, concerning the only persons other than the persons listed in the table above known to MidSouth to be the beneficial owner of more than five percent of its Common Stock.

Name and Address Of Beneficial Owner	Shares Beneficially Owned	Percent of Class
MidSouth Bancorp, Inc., Employee Stock Ownership Plan, ESOP Trustees and ESOP Administrative Committee P. O. Box 3745, Lafayette, LA 70502	381,166 ⁽¹⁾	8.49 %
MidSouth Bancorp, Inc., ⁽²⁾ Directors Deferred Compensation Plan, Executive Committee P. O. Box 3745, Lafayette, LA 70502	230,818	5.14 %

(1) The Administrative Committee directs the Trustees how to vote the approximately 10,375 unallocated shares of Common Stock in the ESOP as of March 21, 2005. Voting rights of the shares allocated to ESOP participants accounts are passed through to them. The Trustees have investment power with respect to the ESOP's assets, but must exercise it in accordance with an investment policy established by the Administrative Committee. The Trustees are Donald R. Landry, an executive officer of MidSouth, and Katherine Gardner and Brenda Jordan, two Bank employees. The Administrative Committee consists of Polly Leonard, an employee, Teri S. Stelly, an executive officer of MidSouth, and Dailene Melancon, a Bank officer.

(2) See Note (1) to the Table of Security Ownership of Management.

Table of Contents**EXECUTIVE COMPENSATION AND CERTAIN TRANSACTIONS****Summary of Executive Compensation**

The following table shows all compensation awarded to, earned by or paid to the Named Executive Officers for all services rendered by them in all capacities to MidSouth and its subsidiaries for the past three years. No other executive officer of MidSouth had total annual salary and bonus exceeding \$100,000 in 2004.

Name and Principal Position	Year	Salary ⁽¹⁾	Bonus ⁽²⁾	Long-Term Compensation				
				Other Annual Compen- sation	Restricted Stock Award(s)	Securities Underlying Option(s)	LTIP Payouts	All Other Compen-sation ⁽³⁾
C. R. Cloutier President & Chief Executive Officer	2004	\$ 222,029	\$ 92,516	0	0	0	0	\$ 8,892
	2003	\$ 212,504	\$ 76,680	0	0	0	0	\$ 8,895
	2002	\$ 204,275	\$ 49,320	0	0	12,500	0	\$ 8,678
Karen L. Hail Senior Exec VP & Chief Oper. Off.	2004	\$ 152,037	\$ 55,509	0	0	0	0	\$ 6,962
	2003	\$ 145,417	\$ 46,008	0	0	0	0	\$ 6,598
	2002	\$ 139,283	\$ 29,592	0	0	6,000	0	\$ 5,619
Donald R. Landry Exec. VP & Chief Lending Officer	2004	\$ 113,740	\$ 43,945	0	0	0	0	\$ 6,657
	2003	\$ 110,063	\$ 36,423	0	0	0	0	\$ 6,192
	2002	\$ 105,833	\$ 23,427	0	0	5,000	0	\$ 5,433
A. Dwight Utz Senior VP & Retail Executive Manager	2004	\$ 92,000	\$ 30,068	0	0	500	0	\$ 4,232
	2003	\$ 92,000	\$ 22,543	0	0	1,000	0	\$ 4,071
	2002	\$ 92,000	\$ 11,813	0	0	0	0	\$ 1,734
Jennifer Fontenot Senior VP/Chief Info. Officer	2004	\$ 78,500	\$ 31,442	0	0	500	0	\$ 3,812
	2003	\$ 75,000	\$ 20,136	0	0	1,000	0	\$ 1,622
	2002	\$ 74,673	\$ 12,330	0	0	0	0	\$ 490

Edgar Filing: MIDSOUTH BANCORP INC - Form DEF 14A

- (1) Includes director fees of \$26,350 and \$25,750 for 2004, \$24,550 and \$24,325 for 2003, and \$25,925 and \$24,950 for 2002 for Mr. Cloutier and Ms. Hail, respectively.
- (2) Awarded pursuant to the Incentive Compensation Plan of the Bank.
- (3) Consists of \$7,108, \$6,303, \$5,885, \$4,232 and \$3,812 contributed by MidSouth to the ESOP for the accounts of each of Mr. Cloutier, Ms. Hail, Mr. Landry, Mr. Utz, and Ms. Fontenot, respectively; and \$1,784, \$659 and \$772 paid by MidSouth in insurance premiums for term life insurance for the benefit of Mr. Cloutier, Ms. Hail and Mr. Landry, respectively.

Table of Contents**Option Holdings**

The following table sets forth information with respect to the Named Executive Officers concerning unexercised options held as of December 31, 2004.

Option Values As of December 31, 2004

Name	Number of Securities Underlying Unexercised Options at December 31, 2004		Value of Unexercised In-the-Money Options At December 31, 2004 ⁽¹⁾	
	Exercisable	Unexercisable	Exercisable	Unexercisable
C. R. Cloutier	53,436	10,313	\$ 1,045,172	\$ 180,890
Jennifer Fontenot	6,076	1,725	\$ 132,496	\$ 15,141
Karen L. Hail	34,239	4,950	\$ 693,909	\$ 86,823
Donald Landry	10,098	4,125	\$ 164,186	\$ 72,353
A. Dwight Utz	4,400	4,475	\$ 82,090	\$ 67,199

⁽¹⁾ Reflects the difference between the closing sale price of a share of MidSouth Common Stock on December 31, 2004, and the exercise price of the options.

Option Exercises

The following table contains information with respect to the Named Executive Officer concerning options exercised in 2004.

Name	Shares Acquired On Exercise	Value Realized
C. R. Cloutier	2,500	\$56,125 ⁽¹⁾
Donald Landry	13,922	\$398,726 ⁽²⁾

⁽¹⁾ Reflects the difference between the \$27.30 closing price of the Common Stock on December 28, 2004, and the respective exercise price of the options.

⁽²⁾ Reflects the difference between the \$34.70 closing price of the Common Stock on March 19, 2004, and the respective exercise price of the options.

Table of Contents**Stock Option Grants**

The following table sets forth information concerning the grant of stock options to the Named Executive Officers in 2004.

Stock Option Grants

Name	No. of Shares Underlying Options	% of Total Options to Employees In 2004	Exercise Price ⁽¹⁾	Expiration Date	Potential Realization Value of Assumed Annual Rates of Stock Price Appreciation for Option Term	
					5%	10%
Jennifer Fontenot	625	4.69%	\$ 28.40	Feb. 26, 2014	\$ 350	\$ 1,213
A. Dwight Utz	625	4.69%	\$ 28.40	Feb. 26, 2014	\$ 350	\$ 1,213

- ⁽¹⁾ The exercise price represents the fair market value of the MidSouth Common Stock on the date of grant. The options are not exercisable for one year from the date of grant and become exercisable thereafter in 20% increments each year, unless exerciseability is accelerated by the Personnel Committee or upon a change in control of MidSouth.

Employment and Severance Contracts with Named Executive Officers

Mr. Cloutier, Ms. Hail and Mr. Landry each have a written employment agreement with the Bank for a term of one year, beginning January 1st of each year. The agreements are automatically extended for one year every year thereafter beginning on the termination date, unless written notice of termination is given by any party to the agreement not later than 60 days before the termination date. Pursuant to the contract, Mr. Cloutier, Ms. Hail and Mr. Landry receive term life insurance equal to four times their annual salary payable to a beneficiary of their choice and disability insurance of not less than two-thirds of their annual salary. Mr. Cloutier's, Ms. Hail's and Mr. Landry's contracts have a severance provision which entitles them to one year's salary if the agreement is terminated by the Bank, unless they are removed by a regulatory body.

Certain Transactions

Directors, nominees and executive officers of MidSouth and their associates have been customers of, and have borrowed from, the Bank in the ordinary course of business, and such transactions are expected to continue in the future. In the opinion of MidSouth's management, the Company's loan policy will be less favorable to Directors than to other customers.

Table of Contents**Shareholder Return Performance Graph**

The following graph, which was prepared by SNL Securities LC (SNL), compares the cumulative total return on MidSouth's Common Stock over a measurement period beginning December 31, 1999 with (i) the cumulative total return on the stocks included in the Russell 3000 and (ii) the cumulative total return on the stocks included in the SNL \$250M-\$500M and the SNL \$500M-\$1B Bank Index. All of these cumulative returns are computed assuming the quarterly reinvestment of dividends paid during the applicable period.

Index	12/31/99	12/31/00	12/31/01	12/31/02	12/31/03	12/31/04
MidSouth Bancorp, Inc.	100.00	98.14	134.49	204.06	413.74	447.50
Russell 3000	100.00	92.54	81.94	64.29	84.25	94.32
SNL \$250M-\$500M Bank Index	100.00	96.28	136.80	176.39	254.86	289.27
SNL \$500M-\$1B Bank Index	100.00	95.72	124.18	158.54	228.61	259.07

The Common Stock of the Company is traded on the American Stock Exchange under the MSL ticker symbol. The stock price information shown above is not necessarily indicative of future price performance. Information used was obtained by SNL from sources believed to be reliable. The Company is not responsible for any errors or omissions in such information.

Table of Contents

COMPENSATION COMMITTEE REPORT

The Personnel Committee is made up of seven non-employee directors of MidSouth Bancorp, all of whom are independent, as defined in the listing standards of the American Stock Exchange. The committee met four times during 2004 to discuss such matters as executive compensation and performance.

The Committee committed to ensuring the company's total compensation package for the Chief Executive Officer and other named executive officers will serve to:

Attract, retain and motivate outstanding executive management who add value to the organization based on individual and team contributions;

Provide a highly competitive salary structure in all markets where we operate;

Facilitate employee ownership through equity components of performance-based long-term incentive stock plans that also enhance shareholder value.

In recent years, due to industry consolidation, the Peer Bank Group used for comparative purposes continues to shrink. Recognizing this, the Committee engaged a national compensation consulting firm, KG & Associates, for compensation comparisons and information provided by Sheshunoff Management Services, L.P. for compensation comparisons and measure of the company's performance.

Base Compensation: To ensure the competitiveness of the company's total compensation package, the committee reviews salary survey information developed by the Bank's Human Resources Department regarding the compensation practices of a peer bank group using information from a national compensation consulting firm. In addition, the committee reviews financial industry salary survey information developed by Sheshunoff Management Services, L.P. The goal is to set executive base compensation plus quarterly incentive pay between the top of the second quartile and the lower part of the 1st quartile for the peer group. It is the Company's goal to set the base compensation part of total compensation to comfortably meet the executive's needs and to put more emphasis on incentive pay so that the executives are encouraged to grow the Bank's value short term and long term. This way, the executive is well compensated in relation to the Bank's performance.

Incentive Compensation: The Company uses a system of incentive compensation to reward the executives quarterly based on the earning per share of the Company. The total incentive compensation is based on the performance for the whole year; a reduced portion is paid quarterly with the balance paid at the end of the year. The Company believes this method encourages the executives to think in terms of shareholder earnings per share because a substantial portion of their pay is tied to earnings per share. At the Personnel Committee Meeting of December 15, 2004 executive pay was set for 2005 with the CEO's base salary remaining the same and all of his increased pay being tied to additional incentive compensation. The Senior Executive Vice President and the Executive Vice President received part of their increase for 2005 in base salary and part in incentive compensation.

Table of Contents

In 2005, the President and Chief Executive Officer's base pay is set at \$196,000. The CEO's projected incentive compensation based on 2004 earnings per share of \$1.73 would result in incentive compensation of \$138,800 which is 71% of base pay. Actual incentive compensation will vary based on the earning per share for 2005.

For 2005, it was the Personnel Committee's intent to raise total base pay and incentive compensation approximately 15% for the three executive officers. This is a much larger increase than in previous years but it was based on the tremendous growth over the last several years of the Company and the acquisition of Lamar Bank, giving the Company additional growth opportunities in Texas. With the added responsibility and the comparison to peer groups it was felt that this was appropriate at this time.

Long Term Incentives: It is the Company's belief that executive officers need to have a significant interest tied to long term performance and shareholder increased value. The Company believes the best way to accomplish this is through ownership of Company. The Company encourages its executive officers to own stock and provides the following programs to encourage stock ownership.

Directors Deferred Compensation Plan: In 1990, the Company established a Deferred Compensation Plan to encourage all directors to take part of their director pay in shares of stock of the Company.

ESOP: To encourage ownership of the company by executive officers and all employees and therefore tie their interest to the interest of the shareholders, the Company established an ESOP Plan in 1986.

Stock Options: In addition to the above, the Company has periodically granted stock options to executive officers and senior management. These options are always based on the current stock price at the time they are awarded. The executives can only benefit by increasing the long term value of the stock.

Personnel Committee of the Board of Directors

Will G. Charbonnet Sr.
James R. Davis, Jr.
J. B. Hargroder, MD
Clayton Paul Hilliard
Milton B. Kidd, III, OD
Stephen C. May
William M. Simmons

Table of Contents

AUDIT COMMITTEE REPORT

The Audit Committee of our Board of Directors is composed of four non-employee directors. The Board has made a determination that the members of the Committee satisfy the requirements of the American Stock Exchange as to independence, financial literacy and experience. The Board has also determined that it is not clear whether any member of the Audit Committee is a Financial Expert within the meaning of SEC Rules, but the Board does not feel a Financial Expert to be necessary in view of the overall financial sophistication of Committee members. The responsibilities of the Committee are set forth in the Charter of the Audit Committee, which was adopted by the Board of Directors on May 10, 2000 and revised on March 12, 2003. The revised Charter was reviewed again and approved without changes at the March 16, 2005 Board Meeting. A copy of the Charter is attached as Exhibit B.

The Committee reviewed and discussed the audited financial statements with management including a discussion of the quality of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures contained in the financial statements. The Committee also discussed with the independent auditors the matters required to be discussed by SAS 61 (Codification of Statements on Auditing Standards, AU Section 380). The Committee also received the written disclosures and the letter from the independent auditors required by Independent Standards Board Standard No. 1 (Independent Standards Board Standard No. 1, Independence Discussions with Audit Committees), has discussed with the independent auditors the independent auditors' independence and has considered the compatibility of non-audit services with the auditors' independence.

The Committee discussed with the Company's internal and independent auditors the overall scope and plans for their respective audits. The Committee met with the internal and independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting.

Based on the reviews and discussions referred to above, the Committee recommended to the Board that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2004 for filing with the SEC.

By the members of the Audit Committee:

James R. Davis, Jr.
Will G. Charbonnet, Sr.
Clayton Paul Hilliard
Milton B. Kidd, III, O.D.

Table of Contents**RELATIONSHIP WITH INDEPENDENT PUBLIC ACCOUNTANTS****General**

MidSouth's consolidated financial statements for 2003 and 2004 were audited by the firm of Deloitte & Touche LLP ("Deloitte"). Deloitte will remain MidSouth's external auditors until replaced by the Board of Directors upon the recommendation of the Audit Committee. Representatives of Deloitte are not expected to be at the annual shareholders' meeting.

Fees

The following table summarizes the fees billed to MidSouth for professional services rendered in 2003 and 2004. All of the services performed were approved by the Audit Committee prior to the service being rendered.

Fee Category	Year-ended December 31,			
	2004		2003	
	Amount	%	Amount	%
Audit fees	\$ 89,600	100%	\$ 57,400	90%
Audit-related fees	0	0	6,600	100%
Total fees	\$ 89,600	100%	\$ 64,000	100%

Audit fees include fees associated with the required annual audit and report on Form 10K, reviews of MidSouth's quarterly reports on Form 10Q and services that are normally performed by the external independent auditor in connection with regulatory filings for the fiscal years ended December 31, 2004 and 2003. Audit fees for 2004 included fees for a consent in connection with a Form S-4 regarding MidSouth's acquisition of Lamar Bancshares, Inc. Audit-related fees for the year ended December 31, 2003 included employee benefit plan audit fees. Deloitte does not perform tax services for MidSouth.

Pre-Approval Policy

The Audit Committee's policy is to pre-approve all audit and permissible non-audit services provided by the independent auditors. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The independent auditors and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent auditors in accordance with this pre-approval, and the fees for services performed to date. The Audit Committee may also pre-approve particular services on a case-by-case basis. For 2003, pre-approved non-audit services included only those services described above for Audit Related Fees. No audit-related services were performed by the independent auditors in 2004.

Table of Contents

ANY SHAREHOLDER MAY BY WRITTEN REQUEST OBTAIN WITHOUT CHARGE A COPY OF MIDSOUTH S ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2004, WITHOUT EXHIBITS. REQUESTS SHOULD BE ADDRESSED TO SALLY D. GARY, INVESTOR RELATIONS, MIDSOUTH BANCORP, INC., P. O. BOX 3745, LAFAYETTE, LOUISIANA 70502.

By Order of the Board of Directors

Karen L. Hail
Secretary

Lafayette, Louisiana
April 25, 2005

- 19 -

Table of Contents

EXHIBIT A
MidSouth Bancorp, Inc.
Corporate Governance Principles

I. Board of Directors

A. Membership

1. Size of Board.

The Board's optimum size is approximately 9-12 members. However, the Board would be willing to have a greater number of directors to accommodate the availability of an outstanding candidate. Similarly, the Board is willing to reduce the size of the Board, or maintain a vacancy, if it cannot identify available candidates meeting the Board's qualification standards.

2. Mix of Inside and Outside Directors.

The Board should have a significant majority of outside directors; the expectation of the Board is the number of inside directors should not exceed three.

3. Director Qualifications.

The Board seeks members from diverse professional backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity. Directors should have experience in positions with a high degree of responsibility, be leaders in the companies or institutions with which they are affiliated and be selected based upon contributions they can make to the Board and management.

4. Definition of Independent and Outside Directors.

The Board's policy is that a majority of the members of the Board meet the criteria for independent directors in accordance with the applicable rules of the American Stock Exchange. The determination that a Director is independent shall be made by the Board following a review of all relevant information and a recommendation by the Corporate Governance and Nominating Committee. Any independent director is also considered to be an Outside Director.

5. Selection of New Directors.

The Corporate Governance and Nominating Committee has, as one of its responsibilities, the recommendation of director candidates to the full Board after receiving input from all Directors and the Chief Executive Officer.

6. Other Directorships.

Directors are expected to advise the Chairman of the Board promptly upon being offered any other public company directorship. Unless the Board determines that the carrying out of a Director's responsibilities to the Company will not be adversely affected by the Director's other directorships, Directors should not serve on any public company boards other than the Company.

Table of Contents

B. Responsibilities

1. Basic Duties

The basic responsibility of the Directors is to exercise their business judgment in good faith to act in what they believe to be in the best interests of the Company. Directors are expected to regularly attend 100% of the Board meetings and at least 92% of the meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. To prepare for meetings, Directors are expected to review the materials that are sent to Directors in advance of those meetings.

2. Conflicts of Interest.

a) Directors are expected to avoid any action, position or interest that conflicts with an interest of the Company, or gives the appearance of a conflict. The Company annually solicits information from Directors in order to monitor potential conflicts of interest and Directors are expected to be mindful of their fiduciary obligations to the Company. When faced with a situation involving a potential conflict of interest, Directors are encouraged to seek advice from the Chief Legal Officer. Directors shall recuse themselves and not participate in the discussion and voting on any matter presented at a Board meeting if they believe that they have a personal interest or a conflict of interest. If a significant conflict of interest with a Director exists and cannot be resolved, the Director is expected to tender his or her resignation to the Chairman.

b) The Company's loan policy will be less favorable to Directors than to other customers.

3. Consulting Agreements with Directors.

The Board believes that the Company should not enter into paid consulting arrangements with Outside Directors.

4. Share Ownership by Directors.

The Board believes that the number of shares of the Company's common stock owned by each Director is a personal decision; however, each director serving on the date of the adoption of these Principles is expected to own a minimum of 25,000 shares of stock at all times, and new Directors are expected to own a minimum of 10,000 shares of stock within a reasonable time after their election or appointment.

5. Director Compensation.

The Personnel Committee shall recommend Director compensation and benefits to the full Board based on comparable information for companies of similar size and recommendations from management. The Committee when making its recommendations may take into account the appearance that Directors' independence is adversely affected if Director compensation and benefits exceed customary levels, if the Company makes substantial charitable contributions to organizations with

Table of Contents

which a Director is affiliated, or if the Company enters into consulting contracts with, or provides other indirect forms of compensation, to a Director or an organization with which the Director is affiliated.

6. Assessing Board Performance.

The Corporate Governance and Nominating Committee has the responsibility to periodically assess overall and individual Board performance. A self-evaluation shall be conducted annually to determine whether the Board and its committees are functioning effectively. The Board will discuss the results of the self-evaluations to determine what actions could improve Board and Committee performance.

7. Lead Director.

A Lead Director for purposes of oversight of Audit, Loan Review and Compliance Departments has been appointed by the Board and is an Outside Director.

8. Executive Sessions of Outside Directors.

Executive Sessions are those sessions including the Chairman and Outside Directors and should be called by the Chairman. Meetings that include only nonemployee Directors called Outside Directors Sessions should occur at least three times a year on the periodic evaluation of the Chief Executive Officer, to determine Director independence and to discuss other matters of importance.

9. Board Access to Management and Independent Advisors.

Board members have complete and open access to members of management. The Chief Executive Officer shall invite key employees to attend Board and Committee meetings at which the Chief Executive Officer believes they can meaningfully contribute to Board and Committee discussion. The Board and Board committees may consult with and retain independent legal, financial and other advisors as they may deem necessary.

10. Board Interaction with Institutional Investors, Peers, Customers, etc.

The Board believes that under ordinary circumstances, management speaks for the Company and the Chairman speaks for the Board. Individual Board members may, from time to time, meet with or communicate with various constituencies that are involved with the Company. It is expected that Board members would do this with the knowledge of management and, in most instances, at the request of management.

11. Confidentiality of Information.

In order to facilitate open discussion, the Board believes maintaining confidentiality of information and deliberations is an imperative.

12. Director Orientation and Continuing Education.

New Board Directors shall participate in an orientation program to familiarize themselves with the Company's businesses and operations, and their responsibilities

Table of Contents

and duties as Directors. Continuing education for Directors shall be conducted through a number of methods, including presentations by the Company's officers concerning the Company's strategies, initiatives and business plans; presentations by outside parties concerning industry issues and general business and regulatory matters; on-site meetings with Company personnel at their business locations; and other appropriate programs to carry out continuing education.

13. Regulatory Reports.

The Board shall review all reports from the Office of the Comptroller of the Currency and the Federal Reserve Board and consider all recommendations therein.

14. Code of Ethics.

The Board shall adopt a Code of Ethics for itself, management and employees.

II. Board Committees

1. Committee Structure.

The Board shall at all times maintain committees with the following responsibilities: an audit committee, a compensation committee, and a governance and nominating committee. All of the members of these committees shall be independent directors under the criteria established by the American Stock Exchange, and each of these committees shall operate in accordance with the applicable rules of the Securities and Exchange Commission and the American Stock Exchange. The Board has established the following Committees; Audit, Corporate Governance and Nominating; Personnel and Executive. The Board shall establish such additional committees as it deems appropriate.

2. Committee Charters.

The Committees will establish their own charter setting forth the purposes and responsibilities of the Committee. The charters shall also provide that each Committee will annually evaluate its performance.

3. Frequency and Length of Board Committee Meetings.

The Chairman should regularly consult with Committee Chairs to obtain their insights and to optimize Committee performance. The Committee Chairs, in consultation with the Chairman, the Chief Financial Officer and the Chief Legal Officer, should establish the frequency and length of Committee meetings.

4. Development of Committee Agenda.

The Committee Chairs, working with the Chief Executive Officer, should establish Committee agendas for the year. All standing Committees should meet regularly during the year and receive reports from Company personnel on Company

Table of Contents

developments affecting the Committee's work. At the beginning of each year, the Audit Committee should review and approve the internal audit staff's schedule for the year.

III. Chairman & Chief Executive Officer

1. Separate Positions of Chairman, President and Chief Executive Officer.

The positions of Chairman and Chief Executive Officer may not be the same person. The Chairman should be an outside Director.

2. Formal Evaluations of the Chief Executive Officer.

The Personnel Committee shall annually conduct the Chief Executive Officer evaluation in the context of its review of the Company's performance in meeting its goals for purposes of awarding compensation. The Personnel Committee Chair shall report to the Board on the evaluation in a Board meeting attended by Outside Directors.

3. Succession Planning.

The Chief Executive Officer shall review succession planning on an annual basis with the Board, including succession plans for the Chief Executive Officer.

4. Management Development.

Senior Company executives should compile and evaluate a succession plan for their areas of responsibility which should be reviewed with the Chief Executive Officer and the Board. The Chief Executive Officer shall provide input on each succession plan and discuss the plans with the Board in an Executive Session.

Table of Contents

EXHIBIT B

MidSouth Bancorp, Inc. Audit Committee Charter

The Board of Directors (Board) of MidSouth Bancorp, Inc. (MidSouth) has established its audit committee to assist it in monitoring 1) the integrity of MidSouth's financial statements, (2) MidSouth's compliance with legal and regulatory requirements and (3) the independence and performance of MidSouth's internal and external auditors. In addition, the Committee is responsible to produce an annual report of its activities by inclusion in MidSouth's proxy statement.

By approving this Charter, the Board obligates itself to provide appropriate funding, as determined by the Audit Committee, in its capacity as a committee of the Board, for payment of compensation to any public accounting firm engaged for the purpose of rendering or issuing an audit report or related work or performing other audit, review or attest services for the Bank or other related entities; and to any advisors employed by the Audit Committee.

The requisite number of members of the Audit Committee shall be appointed by the Board of Directors. Each member so appointed must meet the independence and experience requirements of the American Stock Exchange and of applicable sections of the Securities Exchange Act of 1934. The Chairman shall be designated by the Board.

The Audit Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditor. In its capacity, the Audit Committee shall be responsible for resolving any disputes between the auditor's work and management. The Audit Committee has the authority to engage special legal, accounting or other consultants to advise the Committee. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any member of, or consultants to, the Committee.

The Audit Committee shall make regular reports to the Board.

In its capacity the Audit Committee shall also:

1. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
2. Review credentials of and recommend to the Board, the appointment of an independent auditor, which firm is ultimately accountable to the Audit Committee.
3. Meet with the independent auditor prior to the audit to review the planning and staffing of the audit.
4. Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit and statement on Auditing Standard No. 10 relating to the conduct of a review of interim financial

Table of Contents

information.

5. Obtain from the independent auditor reports required by Section 10A of the Securities Exchange Act of 1934.
6. Approve the fees to be paid to the independent auditor.
7. Receive periodic reports from the independent auditor regarding the auditor's independence consistent with Independence Standards Board Standard 1, discuss such reports with the auditor, and if so determined by the Audit Committee, take or recommend that the full Board take appropriate action to oversee the independence of the auditor.
8. Review the annual audited financial statements with management, including major issues regarding accounting and auditing principles and practices as well as the adequacy of internal controls that could significantly affect the Company's financial statements.
9. Review any analysis prepared by management and the independent auditor of significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements.
10. Review with management and the independent auditor the Company's quarterly financial statements prior to the filing of its Form 10-Q and its annual financial statements prior to the filing of its Form 10K.
11. Review major changes to the Company's auditing and accounting principles and practices as suggested by the independent auditor, internal auditors or management.
12. Meet periodically with management to review the Bank's exposure to major financial risks and the steps management has taken to monitor and control such exposures.
13. Approve the appointment and replacement of the senior internal auditing executive.
14. Review the significant reports to management prepared by the internal auditing department and management's responses.
15. Resolve any problems or difficulties which may have been encountered between the internal auditor and management. Such review should include:
 - (a) Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.
 - (b) Any changes required in the planned scope of the internal audit.
 - (c) The internal audit department responsibilities, budget and staffing.
 - (d) Any difficulties which may have arisen between internal auditor and management concerning a response or lack thereof on any management letter.
16. Approve the engagement of its independent auditor for any non-audit reviews, including its fees therefore.

- 26 -

Table of Contents

17. Review with the Company's Counsel legal matters that may have a material impact on the financial statements, the Company's compliance policies and material reports or inquiries received from regulators or governmental agencies.
18. Meet at least annually with the chief financial officer, the senior internal auditing executive and the independent auditor in separate executive sessions.
19. Establish procedures which provide for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential, anonymous submission by employees of the Bank of concerns regarding questionable accounting or auditing matters. While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditor.

Table of Contents

1. Election of Class III Directors

Nominees: James R. Davis, Jr.
Karen L. Hail
Milton B. Kidd, III, O.D.

___ FOR all nominees listed except as marked to the contrary

___ WITHHOLD authority for all
nominees

If you wish to withhold authority to vote for certain of the nominees listed, strike through the nominee(s) names.

2. In their discretion, to vote upon such other business as may properly come before the meeting or any adjournment thereof.

This proxy will be voted as specified. If no specific directions are given, this proxy will be voted FOR the nominees named.

Please sign exactly as name appears on the certificate or certificates representing shares to be voted by the proxy. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by president or other authorized persons. If a partnership, please sign in partnership name by authorized persons.

Dated: _____ 2005

Signature of Shareholder

Signature (if jointly owned)

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD
TO THE COMPANY PROMPTLY USING THE ENCLOSED
ENVELOPE.

Table of Contents

PROXY

MIDSOUTH BANCORP, INC.

May 26, 2005

Annual Meeting of Shareholders

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS.

The undersigned hereby appoints Carlo Busceme, Jr., William R. Miller, John A. Raney, Jr., or any of them, proxies of the undersigned, with full power of substitution, to represent the undersigned and to vote all of the shares of Common Stock of MidSouth Bancorp, Inc. (the Company) that the undersigned is entitled to vote at the annual meeting of the shareholders of the Company to be held on May 26, 2005 and at any and all adjournments thereof.

- 2 -