

MIDSOUTH BANCORP INC  
Form DEF 14A  
April 08, 2014

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant  S

Filed by a Party other than the Registrant  F

Check the appropriate box:

S Preliminary Proxy Statement  
 F Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))  
 F Definitive Proxy Statement  
 F Definitive Additional Materials  
 F Soliciting Material under Rule 14a-12

MidSouth Bancorp, Inc.  
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

S No fee required.

F Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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MIDSOUTH BANCORP, INC.

102 Versailles Boulevard  
Versailles Centre  
Lafayette, Louisiana 70501

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Lafayette, Louisiana  
April 8, 2014

We will hold our annual shareholders meeting on Wednesday, May 21, 2014, at 1:00 p.m., local time, at our corporate offices, located at 102 Versailles Boulevard, Lafayette, Louisiana 70501, where we will vote upon:

1. the election of three directors for a term to expire in 2017;
2. a proposal to approve a non-binding advisory resolution on the compensation of our named executive officers; and
3. such other matters as may properly come before the meeting or any adjournments.

The items of business listed above are more fully described in the Proxy Statement accompanying this notice. If you were a holder of our common stock on March 14, 2014, you are entitled to notice of and to vote at the meeting.

Your vote is important. Whether or not you expect to attend the annual meeting, it is important that your shares be represented and voted at the meeting.

PLEASE MARK, SIGN, DATE, AND PROMPTLY RETURN YOUR PROXY BY FOLLOWING THE INSTRUCTIONS FOR VOTING BY MAIL, OR SUBMIT YOUR PROXY BY FOLLOWING THE INSTRUCTIONS FOR VOTING BY PHONE OR ON THE INTERNET. THANK YOU.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ R. Glenn Pumpelly  
R. Glenn Pumpelly  
Secretary to the Board

Internet Availability of Proxy Materials

A U.S. Securities and Exchange Commission rule allows us to furnish proxy materials to shareholders over the Internet. As a result, beginning on or about April 8, 2014, we send by mail a Notice of Internet Availability of Proxy Materials, containing instructions on how to access our proxy materials, including our Proxy Statement and 2013 Annual Report, over the Internet and how to vote. Internet availability of our proxy materials is designed to expedite receipt by shareholders and lower the cost and environmental impact of the annual meeting. However, if you received such a notice and would prefer to receive paper copies of the proxy materials, please follow the instructions included in the Notice of Internet Availability of Proxy Materials.

If you have received paper copies of the proxy materials and would prefer to receive only electronic copies of such materials, please contact Shaleen B. Pellerin at (337) 593-3011, or write to her at 102 Versailles Boulevard, Versailles Center, Lafayette, Louisiana 70501, if your shares are registered in your name, or by calling your bank, broker or other nominee.

If you hold our stock through more than one account, you may receive multiple copies of these proxy materials and will have to follow the instructions of each in order to vote all of your shares of our stock.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR OUR ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 21, 2014.**

Our Proxy Statement for the 2014 Annual Meeting and our Annual Report to shareholders for the year ended December 31, 2013 are available at [www.envisionreports.com/MSL](http://www.envisionreports.com/MSL)

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MIDSOUTH BANCORP, INC.

102 Versailles Boulevard  
Versailles Centre  
Lafayette, Louisiana 70501

PROXY STATEMENT

This Proxy Statement is being sent to our shareholders to solicit on behalf of our Board of Directors proxies for use at our annual shareholders meeting (the “Annual Meeting”) to be held on Wednesday, May 21, 2014, at 1:00 p.m. at our corporate offices, located at 102 Versailles Boulevard, Versailles Center, Lafayette, Louisiana and at any adjournments thereof. Directions to attend the Annual Meeting, where you can vote in person, can be found on our website at [www.midsouthbank.com](http://www.midsouthbank.com) or may be obtained by calling Shaleen B. Pellerin at (337) 593-3011. This Proxy Statement is first being mailed to shareholders on or about April 8, 2014. As used in this Proxy Statement, the terms, “we,” “us,” “our” and the “Company” refer to MidSouth Bancorp, Inc., and the terms “MidSouth Bank” and the “Bank” refer to our wholly owned subsidiary, MidSouth Bank, N.A.

Only holders of our common stock as of the close of business on March 14, 2014, are entitled to notice of and to vote at the Annual Meeting. On that date we had outstanding 11,256,711 shares of common stock, each of which is entitled to one vote. On that date we also had outstanding shares of two series of non-voting preferred stock, our Senior Non-Cumulative Perpetual Preferred Stock, Series B and our 4.00% Non-Cumulative Perpetual Convertible Preferred Stock, Series C.

The presence, in person or by proxy, of holders of a majority of our common stock is needed to make up a quorum for the Annual Meeting. Abstentions will be treated as present for purposes of determining a quorum. In addition, shares held by a broker as nominee (i.e., in “street name”) that are represented by proxies at the Annual Meeting, but that the broker fails to vote on one or more matters as a result of incomplete instructions from a beneficial owner of the shares (“broker non-votes”), will also be treated as present for quorum purposes.

The proposal to elect three directors to serve as members of our Board of Directors requires the affirmative vote of a plurality of the shares of common stock present, in person, or represented by proxy at the Annual Meeting. “Plurality” means that the individuals who receive the largest number of votes are elected as directors, up to the maximum number of directors to be chosen. As a result, abstentions and broker non-votes will have no effect on this proposal. The proposal to approve a non-binding resolution regarding the compensation of our named executive officers (the “Named Executive Officers” or “NEOs”), often called a “say-on-pay” proposal, requires a majority of the votes cast at the Annual Meeting. Accordingly, abstention and broker non-votes will have no effect on this proposal.

Each of these proposals was unanimously recommended by our Board of Directors. If any proposal comes before the Annual Meeting that has not been recommended by a majority of our “Continuing Directors,” as defined in our Articles of Incorporation, then approval of any such proposal requires the affirmative vote of at least 80% of the “Total Voting Power” of the Company, as defined in our Articles of Incorporation.

You may vote your shares by any one of the following methods:

- By mail: Mark your votes, sign and return the proxy card or vote instruction form in the enclosed postage paid envelope.
  - By Internet: Log onto the website indicated on your enclosed proxy card or vote instruction form.
  - You may attend the Annual Meeting in person and use a ballot to cast your vote.

If you vote by the Internet, you do not need to send in your proxy card or vote instruction form. The deadline for Internet voting will be 1:00 a.m., Eastern Time, on May 20, 2014. If your shares are held in street name, and you wish to vote your shares at the Annual Meeting, you will need to contact your bank, broker or other nominee to obtain a legal proxy form that you must bring with you to the meeting to exchange for a ballot.

All proxies received in the enclosed form will be voted as you specify. If you sign and return your proxy form but do not specify how to vote your shares, your shares will be voted for the election of the director nominees named herein that have been recommended by the Board of Directors for election and for the proposal to approve a non-binding advisory resolution on our compensation of our NEOs. We do not know of any other matters to be presented at the Annual Meeting other than the election of directors and the approval of the say-on-pay proposal described in this Proxy Statement, but if any other matter does come up, the persons named in the enclosed proxy will vote the shares covered by the proxy as determined by the Board of Directors.

You have the right to change and revoke your proxy at any time before the Annual Meeting. If you hold your shares in your name, you may contact our Corporate Secretary and request that another proxy card be sent to you. Alternatively, you may use the Internet to re-vote your shares, even if you mailed your proxy card or previously voted using the Internet. The latest-dated, properly completed proxy that you submit, whether through the Internet or by mail, will count as your vote. Please note that if you re-vote your shares by mail, your re-vote will not be effective unless it is received by our Corporate Secretary at the address specified herein prior to the Annual Meeting. If your shares are held in street name, you must contact your broker or other nominee and follow its procedures for changing your vote.

The cost of soliciting proxies will be borne by us. In addition to the mail, proxies may be solicited by our directors and officers through personal interview, telephone, facsimile, Internet and e-mail. Banks, brokerage houses and other nominees or fiduciaries may be asked to forward these materials to their principals and to get authority to execute proxies, and we will, upon request, reimburse them for their expenses in so acting.

ANNUAL MEETING BUSINESS

Item 1. Election of Directors

Our Articles of Incorporation provide for three classes of directors, with one class to be elected at each annual meeting for a three-year term. At the Annual Meeting, three Class III Directors will be elected to serve until the 2017 Annual Meeting or their earlier resignation, removal or death and until their successors are elected and qualified.

Unless you withhold authority, the persons named in the enclosed proxy will vote the shares covered by the proxies received by them for the election of the three Class III director nominees named below that have been nominated and recommended by the Board. The Board of Directors has no reason to believe that any of the persons nominated and recommended by the Board is not available or will not serve if elected. If for any reason a nominee becomes unavailable for election, the Board of Directors may designate substitute nominees, in which event the shares represented by proxies returned to us will be voted for such substitute nominees, unless an instruction to the contrary is indicated on the proxy.

Other than the Board of Directors, only shareholders who have complied with the procedures described below under “Corporate Governance – Director Nomination” may nominate a person for election. No shareholder nominations for the election of directors were received in connection with the Annual Meeting.

The following table gives information as of March 14, 2014, about each person nominated by the Board for election as a director and each director whose term will continue after the Annual Meeting, including information regarding why we believe such person should serve as a director of the Company. Unless otherwise indicated, each person has had the principal occupation shown for at least the past five years.

**YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THE ELECTION OF EACH OF THE FOLLOWING NOMINEES.**

Director Nominees for terms that expire in 2017 (Class III Directors)

Name	Age	Principal Occupation, Background and Qualifications
James R. Davis, Jr. Director since 1991	61	President, Quigley & Company, L.L.C.; Chairman of our Audit Committee Mr. Davis' business and investment development experience provides the Board with business insight and analytical skills that are necessary to direct the Company's affairs and provide insight to the Board in the Company's highly regulated industry.
Milton B. Kidd, III, O.D. Director since 1996	65	Optometrist, Kidd & Associates, L.L.C. Dr. Kidd's professional and entrepreneurial experience in addition to his business and family contacts in the banking community within our Louisiana markets are assets to the Board.
R. Glenn Pumpelly Director since 2007	55	President, GP Holdings of Louisiana, L.L.C.; Our Secretary to the Board Mr. Pumpelly's professional experience as a successful owner of a petroleum marketing company as well as his past involvement on various boards, including the Federal Reserve Board, provides the Board with business insight and analytical skills that are necessary to direct the Company's affairs and provide insight to the Board in this difficult environment.

Directors whose terms expire in 2015 (Class I Directors)

Name	Age	Principal Occupation, Background and Qualifications
C. R. Cloutier Director since 1984	67	Our President and C.E.O., and President and C.E.O. of MidSouth Bank Mr. Cloutier's experience in the banking industry, service on the Federal Reserve Board, and his extensive contacts and involvement within the communities in which we operate and on the national scene are valuable to the Board. Mr. Cloutier is the father of Mr. Troy M. Cloutier, the Bank's Chief Banking Officer.
J. B. Hargroder, M.D. Director since 1984	83	Physician, Retired Dr. Hargroder's business experience in the medical field, his experience in dealing with government regulations, and his familiarity with his community are assets to the Board.
Timothy J. Lemoine Director since 2007	63	Independent Construction Consultant Mr. Lemoine's business experience and knowledge of the construction industry provide valuable insight to the Company and the Board.

William M. Simmons 80 Investor, Retired  
 Director since 1984 Mr. Simmon’s entrepreneurial and business experience combined with his family contacts within the communities in which we operate are invaluable to the Company and the Board.

Director Nominees for terms that expire in 2016 (Class II Directors)

Name	Age	Principal Occupation, Background and Qualifications
Will Charbonnet, Sr. Director since 1984	66	Our Chairman of the Board; Treasurer of Crossroads Catholic Bookstore (non-profit corporation); Controller of Philadelphia Fresh Foods, L.L.C. Mr. Charbonnet’s financial expertise, business experience and strong analytical skills are helpful to the Board’s ability to direct the affairs of a highly regulated company.
Clayton Paul Hilliard Director since 1984	88	President of Badger Oil Corporation, Convexx Oil and Gas, Inc., and Warlord Oil Corporation; Manager, Uniquad, L.L.C.; Badger Energy, L.L.C. Mr. Hilliard's experience as owner and President of an oil field and gas exploration business provides the Board with insight into the oil and gas industry, which industry comprises the largest portion of the Bank's customers.
Joseph V. Tortorice, Jr. Director since 2004	65	C.E.O., Deli Management, Inc. Mr. Tortorice’s business experience and familiarity with the Texas communities we serve is valuable in directing the affairs of the Company and providing guidance on such matters to the Board.
Leonard Q. “Pete” Abington Director since 2012	76	Entrepreneur Mr. Abington’s professional experience includes serving as Chairman of the Boards of PSB Financial Corporation and Peoples State Bank from 1984 until their acquisition by the Company in 2012. His knowledge of the North Louisiana communities we serve and his long-standing involvement in those communities brings a great deal of depth to our Board.

Item 2. Proposal to Approve a Non-binding Advisory Resolution on the Compensation of our Named Executive Officers

Pursuant to Section 14A of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), we are seeking advisory shareholder approval of the compensation of our Named Executive Officers as disclosed in this Proxy Statement, commonly known as a “say-on-pay” proposal. At the 2013 Annual Meeting, our shareholders expressed their continued support of our executive compensation programs by approving the non-binding advisory vote on our executive compensation for 2012. A majority of our shareholders continue to express a preference for holding say-on-pay votes every year. Accordingly, we intend to hold annual say-on-pay votes.

Shareholders are being asked to vote on the following advisory resolution:

“Resolved, that the shareholders hereby approve the compensation of our Named Executive Officers as reflected in the Proxy Statement for the Annual Meeting and as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, which disclosure includes the Compensation Discussion and Analysis, the compensation tables and all related material in the Proxy Statement.”

Shareholders are encouraged to carefully review the executive compensation sections of this Proxy Statement outlining the Company’s executive compensation program. The Board of Directors believes that the Company’s compensation policies and procedures are centered on a pay-for-performance culture and are aligned with the long-term interests of shareholders, and, accordingly, recommends a vote in favor of this resolution.

If this resolution is not approved by our shareholders, such a vote shall not be construed as overruling a decision by the Board of Directors or Compensation Committee of the Board, nor create or imply any additional fiduciary duty by the Board of Directors or the Compensation Committee. However, while not binding, the Board of Directors and the Compensation Committee will consider the non-binding vote of our shareholders on this resolution when reviewing compensation policies and practices in the future.

**YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THE PROPOSED RESOLUTION APPROVING THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS.**

Item 3. Such other matters as may properly come before the Annual Meeting or any adjournments

The Board of Directors knows of no other matters to be brought before the shareholders at the Annual Meeting. If other matters are presented for a vote at the meeting, the proxy holders will vote shares represented by properly executed proxies as directed by the Board of Directors.

#### Corporate Governance

Shareholder, Board and Committee Meetings. The following chart details the composition of the Board and its committees and also includes the number of meetings held by each group in 2013. For additional information on the committees, see “Standing Board Committees” below.

Director	Independent Director	Committees of the Holding Company Board					
		Holding Company Board	Bank Board	Audit	Compensation	Exec	Corp Gov & Nom
Will Charbonnet Sr.	Yes	Chair	Chair	Member	Chair	Chair	Member
Leonard Q. Abington	Yes	Member	Member				
James R. Davis Jr.	Yes	Member	Member	Chair	Member		
J.B. Hargroder, M.D.	Yes	Member	Member		Member	Member	Chair
Clayton Paul Hilliard	Yes	Member	Member	Member			Member
Milton B. Kidd III, O.D.	Yes	Member	Member	Member			
Timothy J. Lemoine	Yes	Member	Member				
R. Glenn Pumpelly	Yes	Member	Member	Member	Member	Member	Member
William M. Simmons	Yes	Member	Member				Member
Joseph V. Tortorice, Jr.	Yes	Member	Member		Member	Member	
C. R. Cloutier	No	Member	Member			Member	
Gerald G. Reaux, Jr. (1)	No	Vice-Chair	Vice-Chair				
Total Members as of 12/31/2013		12	14(2)	5	5	5	5
Number of Meetings Held in 2013		11	13	8	7	10	4

(1) Gerald G. Reaux, Jr. passed away on February 9, 2014.

(2) Troy M. Cloutier and Jake Delhomme are members of the Bank Board.

All directors, except Mr. Tortorice, attended at least 75% of the meetings of the Board of Directors and any committee on which he served during 2013. While we encourage all Board members to attend the annual shareholder meeting, there is no formal policy as to their attendance. All of our directors attended the 2013 Annual Meeting.

**Board Independence.** Each year, our Corporate Governance and Nominating Committee review the relationships that each director has with us and with other parties. Only those directors who do not have any relationships that keep them from being independent within the meaning of applicable NYSE rules and who the Committee finds have no relationships that would interfere with the exercise of independent judgment in carrying out their responsibilities are considered to be “independent directors.” The Committee reviews a number of factors to evaluate independence, including the directors’ relationships with us and our competitors, suppliers and customers; their relationships with management and other directors; the relationships their current and former employers have with us; and the relationships between us and other companies of which they are directors or executive officers. After evaluating these factors, the Committee determined all of the current directors, other than Mr. Cloutier, who is also an employee of the Bank, are independent within the meaning of applicable NYSE and SEC rules.

**Director Training.** We are committed to the continuing education of our directors to assist them in the execution of the duties as directors of the Company and the Bank. We provide our directors with the opportunity to attend director education programs provided by federal banking regulators, including the Bank’s primary federal regulator, the Office of the Comptroller of the Currency, and other directorial training or educational sessions directed to the due and proper execution of their duties as directors. Such educational training includes presentations to the full Board of Directors, as well as off-site educational and training sessions.

**Leadership Structure and Risk Management.** The Board believes that our leadership structure, with separate persons serving as our Chairman of the Board and Chief Executive Officer (“CEO”), is the optimum leadership structure for our Company. We believe this structure recognizes the differences between the two roles. Our CEO is responsible for setting the strategic direction for the Company and the day-to-day leadership and performance of the Company, while our Chairman of the Board provides guidance to our CEO and sets the agenda and presides over meetings of the full Board of Directors. We believe that the role of a separate Chairman, who is also an outside director, also helps enhance the independent oversight of management of the Company and helps to ensure that the Board is engaged with the Company’s strategy and how well it is being implemented.

In addition to the roles outlined above, the Board takes an active role in overseeing the management, operations, risk and soundness of the Company. The Chairman of the Board and the Audit Committee Chairman serve as voting members of the Bank’s Special Assets Committee. In addition, the Chairman of the Company’s Audit Committee also chairs the Bank’s Risk Committee. The Bank’s Risk Committee assures that we maintain an effective system for identifying, measuring, monitoring, and controlling entity wide risk. The Committee also provides for the oversight of the quality and integrity of accounting, financial reporting, risk management, and control practices of the Company. We believe that such active Board participation strengthens the Company’s operations.

Shareholder Communications. Shareholders may communicate directly with the Board or the individual chairmen of committees by writing to them at P.O. Box 3745, Lafayette, Louisiana 70502. We will forward, and not screen, any mail we receive that is directed to an individual, unless we believe the communication may pose a security risk.

Code of Ethics. The Board has adopted a Code of Ethics and Corporate Governance Principles for our directors, officers and employees to promote honest and ethical conduct, full and accurate reporting, and compliance with laws as well as other matters. Copies of both documents are posted on the Investor Relations page of our website at [www.midsouthbank.com](http://www.midsouthbank.com). A printed copy of our Code of Ethics and Corporate Governance Principles are available to any shareholder that requests it in writing from our Corporate Secretary. In addition, should there be any waivers of or amendments to these documents, those waivers or amendments will be posted on our website.

Standing Board Committees. The Board has an Audit Committee, an Executive Committee, a Compensation Committee, and a Corporate Governance and Nominating Committee. Each of these committees operates pursuant to a charter. The charters are available on the Investor Relations page of our website at [www.midsouthbank.com](http://www.midsouthbank.com). A printed copy of each document is also available to any shareholder that requests it in writing from our Corporate Secretary.

Audit Committee. The responsibilities of the Audit Committee are set forth in our Audit Committee Charter. The Board has made a determination that each of the members of the Audit Committee satisfies the NYSE's requirements as to independence, financial literacy and experience applicable to Audit Committee members. The Board has also determined that it is not clear whether any member of the Audit Committee is an "Audit Committee Financial Expert" within the meaning of SEC rules, but the Board does not believe that an Audit Committee Financial Expert is necessary in view of the overall financial sophistication of the Audit Committee members.

Executive Committee. The responsibilities of the Executive Committee are set forth in our Executive Committee Charter. Its duties include shareholder relations, Bank examination and SEC reporting.

Compensation Committee. The responsibilities of the Compensation Committee are set forth in our Compensation Committee Charter. The board has made a determination that each of the members of the Compensation Committee satisfies the NYSE's independence requirements for Compensation Committee members. It is responsible for evaluating the performance and approving the compensation of our executive officers and administering our 2007 Omnibus Incentive Compensation Plan.

Corporate Governance and Nominating Committee. The responsibilities of the Corporate Governance and Nominating Committee are set forth in our Corporate Governance and Nominating Committee Charter. It is responsible for making determinations of director independence, assessing overall and individual Board performance and recommending director candidates, including recommendations submitted by shareholders.

Director Nominations. It is the Corporate Governance and Nominating Committee's policy that candidates for director have high personal and professional integrity, proven ability and judgment, and skills and expertise appropriate for serving the long-term interests of our shareholders. While we have not adopted a written diversity policy with respect to the composition of our Board, when selecting new, non-management candidates to serve on the Board, the Corporate Governance and Nominating Committee seeks directors who will contribute to the diversity of the Board (including diversity of skills, background, and experience) in order to benefit the Board's deliberations and decisions. 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 their service, including the number of meetings attended, level of participation, quality of performance, and any related party transactions with us during the applicable time period; and (2) in the case of new director candidates, appropriate inquiries into their backgrounds and qualifications are made after considering the needs of the Board. The Committee meets to discuss and consider such candidate's qualifications, including whether the nominee is independent within the meaning of NYSE rules, and then recommends a candidate to the Board. In seeking potential nominees, the 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, although to date it has not done so.

The Committee will consider director candidates nominated by shareholders who follow the procedures set out in Article IV (H) of our Articles of Incorporation. In order to nominate a candidate for election as a director, pursuant to Article IV (H), unless otherwise required by law, the nominating shareholder individually, or together with a nominating shareholder group, must hold at least 3% of the total voting power of the Company's securities that are entitled to be voted on the election of directors. In addition, such securities must have been held continuously for at least three years as of the date of the notice of such nomination and must continue to be held through the date of the subject election of directors. In addition, any shareholder or group that makes a nomination must confirm that he, she or they are not holding any of the Company's securities with the purpose, or with the effect, of changing control of the Company. Further, any shareholder nominee for election as a director must also meet the objective criteria for "independence" of the NYSE.

Pursuant to Article IV (H), any such shareholder nomination delivered to the Company should include the following:

- as to each person whom you propose to nominate:
  - his or her name, age, business address, residence address, principal occupation or employment,
  - the number of shares of our stock of which the person is the beneficial owner, and
- any other information relating to the person that would be required to be disclosed in solicitations of proxies for the election of directors by Regulation 14A under the Exchange Act; and
  - as to the nominating shareholder or nominating shareholder group:
    - the name of the shareholder making such nomination, or if a group, the name of each shareholder in such nominating group,
    - the business address, or if none, residence of the nominating shareholder or members of a nominating group,
    - the number of shares of our stock of which such shareholder or nominating group are the beneficial owner,
    - a statement that the nominee, if elected, consents to serve on the Board of Directors,
    - the disclosures regarding the director nominee that would be required by Schedule 14A under the Exchange Act,
    - a description of any agreements, arrangements or relationships between the nominating shareholder or nominating group giving the notice and the nominee,
    - a statement regarding whether the nominating shareholder or any member of the nominating group has been involved in any litigation adverse to the Company or any of its subsidiaries within the past ten years and, if so, a description of such litigation, and
    - a statement that, to the best of the nominating shareholder's or nominating group's knowledge, such nominee meets the Company's director qualification standards then in effect.



Shareholder nominations for election must be provided to the Company no earlier than 150 calendar days, and no later than 120 calendar days, before the anniversary of the date that we mailed our proxy materials for the prior year's Annual Meeting, except that, if we did not hold an Annual Meeting during the prior year, or if the date of the meeting has changed by more than 30 days from the prior year (or if we are holding a special meeting or conducting an election of directors by written consent) then such nomination must be transmitted to us within a reasonable time before we mail proxy materials for such meeting.

An inspector, not affiliated with us and appointed by our Corporate Secretary, will determine whether the notice provisions described above were met. If they determine that you have not complied with Article IV (H), your nomination will be disregarded. The foregoing is only a summary of the shareholder nomination procedures included in Article IV (H) of our Articles of Incorporation, is not complete and is qualified in its entirety to the full text of Article IV (H). You are encouraged to read the full text of Article IV (H) prior to submitting any nomination for election as a director of the Company.

The Committee will also consider director candidates recommended (but not nominated) by shareholders so long as such recommendations are received at least 120 days before the anniversary date that we mailed our proxy materials for the prior year's annual meeting.

The Corporate Governance and Nominating 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 nominated or recommended by a shareholder or otherwise.

Shareholder Proposals. Eligible shareholders who want to present a proposal qualified for inclusion in our proxy materials for the 2015 Annual Meeting must forward such proposal to our Secretary at the address listed on the first page of this Proxy Statement in time to arrive before December 9, 2014. Proxies may confer discretionary authority to vote on any matter for which we receive notice after February 22, 2015, without the matter being described in the Proxy Statement for our 2015 Annual Meeting.

Section 16(a) Beneficial Ownership Reporting Compliance. Section 16(a) of the Securities and Exchange Act of 1934 requires our directors, executive officers and 10% shareholders to file with the SEC initial reports of ownership and reports of changes in ownership of our equity securities, and to furnish us with copies of all the reports they file. On the basis of reports and representation of our directors, executive officers, and greater than 10% shareholders, all required reports were filed timely during 2013 except for one late Form 4 and a revised Form 3 filing by Leonard Q. Abington.

Compensation Committee Interlocks and Insider Participation. The Compensation Committee is composed entirely of independent directors. None of our executive officers has served on the board of directors or compensation committee (or other committee serving an equivalent function) of any other entity, whose executive officers served on our Board of Directors or Compensation Committee. None of the members of the Compensation Committee was an officer or other employee of our Company or any of our subsidiaries during 2013, or is a former officer or other employee of our Company or any of our subsidiaries.

SECURITY OWNERSHIP OF MANAGEMENT  
AND CERTAIN BENEFICIAL OWNERS

## Security Ownership of Management

The following table shows as of March 14, 2014, the beneficial ownership of our common stock by each director, nominee, and each NEO, and by all directors, nominees, and Executive Officers as a group.

Name	Amount and Nature of Beneficial Ownership(1)	Percent of Class
Directors and Nominees:		
Will Charbonnet, Sr.	183,560 (1, 10)	1.63 %
Leonard Q. Abington	811,876 (2)	7.21 %
C. R. Cloutier	411,029 (1,3)	3.65 %
James R. Davis, Jr.	80,479 (4)	*
J. B. Hargroder, M.D.	446,968 (1, 14)	3.97 %
Clayton Paul Hilliard	241,521 (5)	2.14 %
Milton B. Kidd, III, O.D.	247,365 (9)	2.19 %
Timothy J. Lemoine	29,251 (12)	*
R. Glenn Pumpelly	65,473 (1, 15)	*
William M. Simmons	233,074 (13)	2.07 %
Joseph V. Tortorice, Jr.	129,933 (1, 11)	1.15 %
Named Executive Officers:		
Troy M. Cloutier	43,362 (6)	*
James R. McLemore	8,397 (7)	*
John R. Nichols	14,445 (8)	*
All directors, nominees, and Executive Officers as a group (14 persons)	2,946,733	26.17 %

\*  

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Less than 1%.

(1) Stock held by our Directors' Deferred Compensation Plan & Trust (the "DDCP") is beneficially owned by its Plan Administrator, our Executive Committee, the members of which could be deemed to share beneficial ownership of all Stock held in the DDCP (394,779 shares or 3.50% as of March 14, 2014). For each director, the table includes the number of shares held for his or her account only, while the group figure includes all shares held in the DDCP. Stock held by our Employee Stock 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 options currently exercisable or that will become exercisable within 60 days of March 14, 2013 ("Current 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 45,307 shares as to which Mr. Abington shares voting and investment power, including 19,170 shares of common stock into which the 3,452 shares of Series C Preferred Stock may be converted into and 324,587 shares of common stock into which the 58,421 shares of Series C Preferred Stock that are beneficially owned by Mr. Abington may be converted into.
- (3) Mr. C. R. Cloutier and his wife, Brenda Cloutier, have pledged 15,000 shares to Whitney Bank securing a loan in the amount of \$221,000 with a balance of \$150,660 for their daughter's daycare business. Additionally, Mr. and Mrs. Cloutier have pledged 16,979 shares to First National Banker's Bank to secure a personal loan in the amount of \$130,000 with a balance of \$97,455. In addition, includes 79,787 shares as to which he shares voting and investment power and 7,085 shares issuable upon the exercise of Current Options.
- (4) Mr. Davis has pledged 27,375 shares to Fidelity Homestead Savings Bank to secure a \$250,000 line of credit with a balance of \$224,797.
- (5) Mr. Hilliard has pledged 43,672 shares to MidSouth Bank as partial security on a \$1,000,000 line of credit with a zero balance. In addition, includes 1,500 shares as to which he shares voting and investment power.
- (6) Includes 27,671 shares as to which he shares voting and investment power and 8,207 shares issuable upon the exercise of Current Options.
- (7) Includes 4,256 shares issuable upon the exercise of Current Options.
- (8) Includes 4,828 shares issuable upon the exercise of Current Options.
- (9) Includes 900 shares of common stock into which the 162 shares of Series C Preferred Stock that are beneficially owned by Dr. Kidd may be converted into and 43,261 shares as to which he shares voting and investment power.
- (10) Includes 5,556 shares of common stock into which the 1,000 shares of Series C Preferred Stock that are beneficially owned by Mr. Charbonnet may be converted into and 20,792 shares as to which he shares voting and investment power.
- (11) Includes 5,556 shares of common stock into which the 1,000 shares of Series C Preferred Stock he shares voting and investment power and may be converted into and 111,805 shares as to which he shares voting and investment power.
- (12) Includes 11,132 shares as to which he shares voting and investment power.
- (13) Includes 4,150 shares as to which he shares voting and investment power.
- (14) Includes 190,316 shares as to which he shares voting and investment power.
- Includes 65,473 shares as to which he shares voting and investment power.
-

The following table shows the number of shares in the Directors Deferred Compensation Plan (“DDCP”) and the Employee Stock Ownership Plan (“ESOP”), and the number of shares subject to Current Options that have been included in the above ownership table (see footnote 1 above).

Name	DDCP	ESOP	Current Options
Directors and Nominees:			
Leonard Q. Abington	--	--	--
Will Charbonnet, Sr.	55,766	--	--
C. R. Cloutier	67,901	38,257	7,085
James R. Davis, Jr.	44,106	--	--
J. B. Hargroder, M.D.	59,968	--	--
Clayton Paul Hilliard	25,374	--	--
Milton B. Kidd, III, O.D.	20,018	--	--
Timothy J. Lemoine	8,034	--	--
R. Glenn Pumpelly	--	--	--
William M. Simmons	57,484	--	--
Joseph V. Tortorice, Jr.	12,572	--	--
Named Executive Officers:			
Troy M. Cloutier	--	6,868	8,207
James R. McLemore	--	1,798	4,256
John R. Nichols	--	4,943	4,828

Security Ownership of Certain Beneficial Owners

The following lists the only person, other than our director Mr. Abington shown in the prior table, known to us as of March 14, 2014 to beneficially own more than five percent of our stock.

Name and Address Of Beneficial Owner	Common Stock Beneficially Owned as of Record Date	Amount	Percent of Class
Sy Jacobs/Jacobs Asset Management, LLC 11 East 26 Street New York, New York 10010		571,123	5.07 % <sup>(1)</sup>

(1) Percentage is as of record date. Share ownership percentage as of December 31, 2013 was 5.07%. As reported on Schedule 13F, Sy Jacobs/Jacobs Asset Management, LLC, has shared voting power and shared dispositive power with respect to the shares.

Certain Relationships and Related Transactions

Directors, nominees, executive officers and their associates have been customers of, and have borrowed from MidSouth Bank in the ordinary course of business, and such transactions are expected to continue in the future. Any loans or other extensions of credit made by the Bank to such individuals were made in the ordinary course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unaffiliated third parties and did not involve more than the normal risk of collectability or present other unfavorable features.

We have adopted a formal policy with respect to the approval of related party transactions, other than our policies with respect to the approval of loans made to directors and executive officers. Pursuant to this policy, the Audit Committee (or with respect to compensation matters, the Compensation Committee) will review and, if appropriate, approve any transaction in which the Company is or will be a party of and in which the amount exceeds \$120,000, and in which any of the Company's directors, executive officers or significant shareholders had, has or will have a material interest. Such transactions will only be approved if they are deemed to be in the best interest of the Company and its shareholders.

## COMPENSATION DISCUSSION AND ANALYSIS

The following Compensation Discussion and Analysis (“CD&A”) may contain statements regarding current and future individual and Company performance targets and/or goals. We have disclosed this information in the limited context of our compensation programs; therefore, these statements should not be interpreted to be management’s expectations or estimates of results or other guidance. We specifically caution investors not to apply such statements to other contexts.

### Executive Summary

We have prepared this CD&A to assist you in understanding our compensation programs. It is intended to explain the philosophy underlying our compensation strategy and the fundamental elements of the compensation we paid to our Chief Executive Officer, Chief Financial Officer, and other individuals included in the Summary Compensation Table for 2013 (collectively, the “NEOs”). As required by the SEC, this includes information with respect to Gerald G. Reaux, Jr., Vice Chairman of the Board and Chief Operating Officer of the Company and the Bank, who passed away on February 9, 2014. Our compensation programs have been designed to reward performance in order to align the NEO’s interests with that of our shareholders. Given our operation in the highly-regulated banking industry, our compensation programs must also comply with the executive compensation disclosures outlined by federal agencies that oversee our operations, including the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation. In recent years, such regulations have provided us with less flexibility in establishing our compensation programs than what others in the general industry may experience.

Our financial performance over the past several years has been impacted by the disruptions in the national economy and the resulting financial uncertainty that affected the banking industry. While we believe high energy prices and an active oil and gas industry insulated our markets from the full impact of the national recession, the challenging economy and uncertain real estate markets have had an impact on our loan losses, loan demand and our net interest margin. Despite these challenges, we continued to demonstrate growth in our franchise and balance sheet strength in 2013.

Highlights for 2013 include:

- Our earnings available to common shareholders increased \$4.7 million, from \$8.1 million in 2012 to \$12.8 million in 2013, which resulted in a 45.5% increase in diluted earnings per share year-over-year.
- Our net loans grew \$89.2 million, or 8.6%, for the year ended December 31, 2013. The loan growth included approximately \$54.1 million in qualified small business loans which allowed us to meet a target 10% growth in small business loans that qualified under the Small Business Lending Fund (“SBLF”). Meeting the 10% target growth effectively lowered the dividend rate on our Series B Preferred Stock issued to the Treasury as a result of participation in SBLF to 1.00% for the period beginning October 1, 2013 through February 25, 2016.
- Our stable core deposit base, which excludes time deposits, grew \$38.9 million and accounted for 84.2% of deposits at December 31, 2013, compared to 80% of deposits at year end 2012.

- Our core FTE net interest margin increased four basis points, from 4.22% in 2012 to 4.26% in 2013.
- Our level of nonperforming assets decreased 33.2% year-over-year, and totaled \$12.0 million, or 0.65% of total assets at December 31, 2013. Net charge-offs declined 16.1% compared to year end 2012 and totaled \$1.6 million, or 0.15%, of average loans at year end 2013.
- Our capital levels remain strong with Tier 1 leverage capital of 9.35% at December 31, 2013. Tier 1 risk-based capital and total risk-based capital ratios were 13.47% and 14.19%, respectively.
- On March 23, 2013, we completed an operating systems conversion and successfully integrated 15 banking centers acquired through our merger with PSB Financial Corporation (“PSB”), the holding company of Louisiana based The Peoples State Bank on December 28, 2012. We also opened three new banking centers in our Texas markets, one new banking center in Louisiana and a loan production office in Austin, Texas.
- Early in the fourth quarter of 2013, we announced an initiative to improve earnings for our shareholders by identifying opportunities to enhance revenues and operating efficiencies over the next 24 months. We are focused on accomplishing this by growing our loan portfolio while maintaining strong asset quality and by streamlining our operations to reduce costs.

We believe the strength of our balance sheet combined with our strong core net interest margin provides a solid foundation for continued growth in 2014. This solid foundation combined with our revenues, our efficiencies initiative and our 2013 accomplishments formed an important basis for the Compensation Committee’s (the “Committee”) executive compensation decisions.

#### Overview of Elements of Compensation

Historically we have used the following elements as part of our compensation program for our executive officers:

- Base Salary – Fixed base pay reflective of each officer’s position, individual performance, experience, and expertise. While not at risk like incentive compensation, increases in base salary are also based on aligning our NEOs with peers of our new asset size as well as tied to our performance.
- Annual Incentives – Generally cash awards based upon the achievement of defined performance targets under the Company’s 2013 Annual Incentive Compensation Plan (the “AICP”).
- Equity-based Awards – Equity incentive awards under our 2007 Omnibus Incentive Plan to encourage and reward long-term performance and retention.
- Discretionary Bonus Awards – Payment of discretionary bonuses provides flexibility to reward levels of performance that might not otherwise be reflected in other established incentive awards.
- Retirement Benefits – Includes the Employee Stock Ownership Plan (the “ESOP”), 401(k) retirement plan, and, with respect to Mr. C. R. Cloutier, the Executive Indexed Salary Continuation Agreement (the “EISCP”).
- Other Compensation – Certain executives also receive additional benefits and perquisites such as split dollar life insurance, supplemental term life insurance, supplemental disability insurance, company car, uniform allowance, cell phone, Board of Director fees, and club memberships.

In establishing the 2013 compensation program, base salary and annual incentives comprised the largest part of potential total compensation payable to the executive officers. In determining annual compensation we consider a number of factors, including our goals for the upcoming year and how the various elements can be used to help achieve such goals in a prudent manner, the total compensation paid in the prior year, and the elements utilized for such compensation. In addition, regulatory restrictions on the ability to utilize certain elements also impacted our decisions.

#### Objectives of Our Compensation Programs

Our culture continues to strive for performance while prudently managing risks. We believe it is in the best interest of our shareholders and the Company to provide competitive compensation to attract and retain the most qualified executive officers with demonstrated leadership abilities that will secure our future. The Committee has the responsibility for continually monitoring the compensation paid to our NEOs as well as other executive employees. The Committee believes that compensation of our executive officers should encourage creation of shareholder value and achievement of strategic corporate objectives, while proactively managing risks associated with all such compensation programs impacting the Company, its subsidiaries, and its shareholders. Specifically, the Committee is committed to ensuring that the total compensation package for our executive officers will serve to:

- attract, retain, and motivate outstanding executive officers who add value to us based on individual and team contributions;
  - provide a competitive salary structure and asset size in all markets where we operate;
- align the executive officers' interests with the long-term interests of our shareholders to enhance shareholder value; and
- ensure that compensation programs do not encourage excessive risk taking or pose a threat to the safety and soundness of the organization.

#### Process for Determining Executive Officer Compensation

The Committee annually reviews and recommends the levels, performance goals, and strategic objectives, for the CEO to our Board, which has final approval of the CEO's compensation. The Board also has the authority at all times to make decisions to withhold incentive compensation awards, earned or unearned, in the event of unforeseen occurrences that could threaten the financial viability of the organization and its shareholders. The Committee consults with the CEO on the compensation levels of the other executive officers. Based on these discussions, the Committee, along with the CEO, recommends the compensation levels for the other NEOs to the Board. The Committee has the authority to retain separate advisors, including a compensation consultant, to assist the Committee in carrying out its responsibilities. In 2013, the Committee did not engage any compensation consultants or other third party consultants.

In connection with establishing the 2013 compensation program, the Committee reviewed limited publicly available data on SNL Financial from a few banks of similar asset size in Texas, Louisiana and Alabama. The committee also considered and placed more emphasis on salary administration information prepared by HRN Performance Solutions (“HRN”). HRN provides market data based on asset size and geographic location. The Company moved from a 20 grade to a 24 grade salary system to be more in line with other institutions of the same asset size. In addition, HRN relies on information from 9 different salary survey resources. The Committee found that our NEOs base salaries fell short or at the midpoint range compared to base salaries in the study of executives with similar responsibilities.

The purpose of these reviews was to provide the committee with data relative to the compensation paid to similarly situated NEOs at other financial institutions to help the Committee determine if our compensation arrangements were competitive in order to meet our goal of attracting, retaining and motivating our executive officers. The Committee did not use this data to benchmark the total compensation, or any individual element thereof. While the Committee recognized the benefit of using this data to gauge the competitiveness of the Company’s compensation programs, the Committee recognized that each financial institution is unique and that significant differences between institutions in regard to executive compensation practices exist.

At the 2013 Annual Meeting, the shareholders approved the 2012 compensation of our NEOs with over 98% of the votes cast. After considering this substantial level of approval as well as the Company’s financial and operational performance over the past several years, the Committee determined that the executive compensation program was working as intended and, except as discussed below, did not make any other significant changes to the program for 2013.

In addition to establishing the compensation arrangements, the Committee also administers our executive compensation programs and annually reviews our compensation arrangements to: (a) determine whether and to what extent any NEO compensation plans encourage taking unnecessary and excessive risks that threaten the value of the Company; (b) determine whether and to what extent any other employee compensation plans covering the executives pose risks to the Company that should be limited; (c) determine whether and to what extent any compensation plans covering the executives encourage the manipulation of reported earnings; and (d) limit or eliminate any compensation or compensation plans based on these determinations.

## Overview of 2013 Performance and Compensation

Base Salary. We believe it is necessary and prudent to pay a portion of total compensation in the form of a competitive fixed base salary. We believe the payment of a fixed base salary to our executive officers helps maintain productivity by providing a guaranteed and dependable base amount of income. In addition, we believe utilizing base salary as a large portion of the total potential compensation helps mitigate risks as the executives do not have to meet certain operational incentives in order to receive the payments.

It is our goal to set specific base salary levels which appropriately reflect the role and responsibility of the executive officer. During this process the Committee considers the abilities, qualifications, accomplishments, and prior work experience when determining the final recommendation to the Board, including whether or not any changes to annual base salary should be made from the prior year. Salary changes from 2012 to 2013 are shown in the table below.

Named Executive Officer	2012 Base Salary	2013 Base Salary
C. R. Cloutier	\$ 367,500	\$ 425,000
Gerald G. Reaux, Jr.	\$ 325,000	\$ 325,000
Troy M. Cloutier	\$ 220,000	\$ 255,000
James R. McLemore	\$ 230,000	\$ 240,000
John R. Nichols	\$ 190,000	\$ 205,000

In recommending the increases in base salary for 2013 set forth above, the Committee found some of our NEOs base salaries fell below the midpoint range of executives in HRN with similar responsibilities. In an effort to get NEOs within 5% of the midpoint range on base salary, the Committee felt these increases were warranted. In addition, the potential for improvements in profit in 2013, increased earnings per share, and the expectations for 2014 were taken into consideration.

In evaluating the performance of Mr. C. R. Cloutier, Chief Executive Officer, the Committee noted Mr. Cloutier's successful completion of the PSB merger which greatly expanded the asset size and geographic footprint of the bank and his responsibilities.

Mr. T. Cloutier, Chief Banking Officer, had a significant increase in supervisory responsibilities in 2013 resulting from the addition of 16 acquired banking centers and ten commercial lenders in the new markets. Mr. T. Cloutier also played a key role in supporting the integration of the recent acquired institutions.

Mr. McLemore, Chief Financial Officer, had a significant increase in responsibilities in 2013 related to the financial and operational duties involved to successfully complete the PSB acquisition.

Mr. Nichols, Chief Credit Officer, contributed to the overall improvement in asset quality and the integration of consistent, conservative underwriting standards supporting the Company's merger and organic growth.

Annual Incentives. We believe annual incentives are an important element of executive officers' compensation because they provide additional incentive and motivation to the participants to lead us in achieving success. The AICP was designed to increase shareholder value by focusing the executive officers on our goals for the year and reward them for achievement of those goals. Payments under the AICP are based on a percentage of the participant's base salary including 5% for achievement of goals at the threshold level and 10% for achievement of goals at the target level. At its discretion, the Committee may pay awards above the 10% of base salary level if results are above the target level.

Awards under the AICP are tied to the achievement of goals in up to three categories: overall Bank goals, regional/departmental goals, and/or individual goals. The intent is to provide a plan that is based on what we believe are industry best practices and to provide motivation for each officer to achieve goals relative to overall Bank performance (thereby aligning their interests with those of our shareholders) and goals related to an officer's specific job function. We believe the AICP also helps mitigate risks by providing each officer with three company-wide goals as opposed to a single goal. Having multiple goals helps ensure there is an appropriate balance of objectives, which otherwise could lead to performance inconsistencies within other areas of the organization.

For all NEOs, 100% of eligible award payout dollars under the 2013 AICP were based on the achievement of our overall Bank goals, which were improvements in net income (80% weighting), net core deposit growth (10% weighting), and net loan growth (10% weighting). In order for an NEO to receive any payment under the 2013 AICP, the Company had to hit the target level with respect to net income.

For 2013, the Committee established the following threshold and target goals for payment of awards under the AICP for the NEOs:

Performance Measure	Threshold Level	Target Level
Net income	\$12.2 million	\$13.5 million
Net core deposit growth	\$49.5 million	\$55.0 million
Net loan growth	\$72.0 million	\$80.0 million

The Compensation Committee reviewed the AICP and the Bank's financial performance for 2013. In determining potential payouts for obtaining overall Bank goals (specifically Net Income, Net Loan Growth and Net Core Deposit Growth), regional/department goals as well as individual goals, the plan specifies that the net income goal of the Bank be reached before considering payouts to any individuals. Net income of the bank was adjusted to exclude extraordinary amounts outside of management's influence; therefore, the Committee decided that no payouts should be made under the 2013 AICP.

Discretionary Bonuses. No discretionary bonuses were paid to NEOs during 2013.

Retirement Benefits. Executive officers are eligible to participate in our 401(k) retirement plan, which is a Company-wide, tax-qualified retirement plan. The intent of this plan is to provide eligible employees with a tax-advantaged savings opportunity for retirement. We sponsor this plan to help employees save and accumulate assets for use during their retirement. As required, eligible pay under this plan is capped at annual limits defined under the Internal Revenue Code. The 401(k) plan allows for us to make a discretionary matching contribution. Matching contributions made to each NEO are included in the “All Other Compensation Table” below.

For 2013, an EISCP was in place for Mr. C. R. Cloutier. The agreement provides that upon the executive officer reaching normal retirement age the executive officer can elect to receive payment of amounts as defined in the agreement and presented under the “Nonqualified Deferred Compensation” section below.

To encourage ownership by all employees and therefore tie their interest to the interests of the shareholders, we established the ESOP in 1986. The ESOP covers all employees who meet minimum age and service requirements. Amounts of annual contributions to the ESOP are determined on a discretionary basis by the Board. Information with respect to contributions made to each NEO under the ESOP is included in the “All Other Compensation Table” below.

Other Compensation. Certain executives receive additional benefits and perquisites such as split dollar life insurance, supplemental term life insurance, supplemental disability insurance, company car, moving expenses, uniform allowance, cell phone, Board of Director fees, and club memberships.

We maintain a split dollar life insurance arrangement with Mr. C. R. Cloutier. This arrangement provides benefits to the executive officer’s designated beneficiary in the event of the executive officer’s death.

We provide Messrs. C. R. Cloutier, T. Cloutier, McLemore and Nichols and previously provided Mr. Reaux, with reimbursements for an individual supplemental term life insurance policy payable to a beneficiary of their choice and reimbursements for a supplemental long-term disability policy.

We view certain perquisites as beneficial to us as well as compensation to the executive officers. For example, the club memberships are regularly used in the general course of our business such as for business meetings or entertaining. Company cars are used primarily for business purposes.

The executive officers are eligible to participate in benefit plans sponsored by us on the same terms and conditions as those generally provided to salaried employees. Basic health benefits, dental benefits, and similar programs are provided to make certain that access to healthcare and income protection is available to our employees and the employee’s family members. The cost of our benefit plans are negotiated with the providers of such benefits and the executive officers contribute to the cost of the benefits.

Severance Benefits Plan. The purpose of the Severance Benefits Plan is to provide temporary and short-term unemployment-type benefits to eligible employees whose employment is terminated under specific conditions described in the plan. The Committee adopted the plan to remain competitive with other financial institutions, many of which provide benefits similar to those provided under the Severance Benefits Plan. For additional information on payments to the NEOs that may be required under the Severance Benefits Plan, please see “Potential Payments upon Termination or Change-in-Control” below.

**Employment Agreements.** The Company currently has no active employment agreements in place for any of the NEOs. The Company's Board will evaluate employment agreements as needed in the future.

**Financial Restatement.** We adhere to Section 304 of the Sarbanes-Oxley Act of 2002 which requires a Company's chief executive officer and chief financial officer to give back certain incentive based or equity based compensation received in the event such company is required to restate its financial statements. We have also structured, with intention to modify as needed, our internal policies related to regulatory compliance guidelines in the event that recovery of erroneously awarded compensation would be necessary. In addition to the Sarbanes-Oxley Act of 2002, we anticipate additional clawback rules to be implemented pursuant to the Dodd-Frank Wall Street Reform and Recovery Act.

**Stock Ownership Requirements.** The Committee does not maintain a policy relating to stock ownership guidelines or requirements for our executive officers. The Committee does not believe it is necessary to impose such a policy on the executive officers. Currently, the NEOs, as a group, own 4.22% of our stock. If circumstances change, the Committee will review whether such a policy is appropriate for our executive officers.

**Trading in the Company's Stock Derivatives.** As part of the Company's Code of Ethics Policy, our Board of Directors and executive officers are prohibited from hedging their ownership of MidSouth Bancorp stock, including trading in publicly-traded options, puts, calls, or other derivative instruments related to MidSouth Bancorp stock or debt, as well as from engaging in short sales of the same. We are not aware that any of the executive officers have entered into these types of arrangements.

**Tax Deductibility of the Named Executive Officers' Incentive and Equity Compensation.**

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public companies for compensation over \$1.0 million paid to a corporation's CEO and its four other most highly compensated officers.

**Tax and Accounting Implications.** We consider the tax and accounting implications regarding the delivery of different forms of compensation. We believe that the most efficient form of compensation for the executive officers is cash; therefore, we place a greater emphasis on cash compensation over other forms (i.e., equity).

**§409A Compliance.** All compensation plans and other relevant documents were reviewed and modified as needed to comply with Internal Revenue Code - Section §409A requirements.

### COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management.

Based upon such review, the related discussions and such other matters deemed relevant and appropriate to the Committee, the Committee has recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement to be delivered to shareholders.

Submitted by the Compensation  
Committee:

Will Charbonnet Sr., Chairman  
James R. Davis, Jr.  
J. B. Hargroder, M.D.  
R. Glenn Pumpelly  
Joseph V. Tortorice, Jr.

## Summary Compensation Table

The following table sets forth compensation received from the Company for the fiscal years ended December 31, 2013, 2012 and 2011, by its NEOs. Mr. Reaux, Vice Chairman and Chief Operating Officer, passed away on February 9, 2014.

Name and Principal Position (a)	Year (b)	Salary (\$) (c)	Bonus (\$) (d)	Stock Awards (\$) (e)	Option Awards (\$)(2) (f)	Non-Equity Incentive Plan Compensation (\$) (g)	Change in Pension Value and Non-qualified Deferred Compensation Earnings (\$) (h)	All Other Comp. (\$) (i)	Total (\$) (j)
C. R. Cloutier President & Chief Executive Officer	2013	425,000	-	-	-	-	-	111,586	536,586
	2012	367,500	125,000	-	187,434	(3)	-	117,978	797,912
	2011	347,917	-	-	-	-	-	113,930	461,847
Gerald G. Reaux, Jr. Vice Chairman & Chief Operating Officer	2013	325,000	-	-	-	-	-	81,603	406,603
	2012	325,000	-	-	165,759	-	-	78,440	569,199
	2011	270,454	15,000	-	-	-	-	53,507	338,961
Troy M. Cloutier Senior Executive VP & Chief Banking Officer	2013	255,000	-	-	-	-	-	52,673	307,673
	2012	220,000	15,000	-	112,204	-	-	53,962	401,166
	2011	190,000	23,933	-	-	-	-	36,991	250,924
James R. McLemore Senior Executive VP & Chief Financial Officer	2013	240,000	-	-	-	-	-	25,076	265,076
	2012	230,000	5,000	-	93,845	-	-	23,881	352,726
	2011	222,000	16,400	-	-	-	-	17,469	255,869
John R. Nichols Senior Executive	2013	205,000	-	-	-	-	-	47,721	252,721
	2012	190,000	5,000	-	77,523	-	-	45,232	317,755
	2011	170,000	5,000	-	-	-	-	39,865	214,865

VP & Chief  
Credit  
Officer

- (1) All other 2013 compensation for NEOs includes the total of benefit and perquisite amounts as listed in the table below.
- (2) Consists of shares of stock options granted on May 23, 2012 at a fair value on grant date (estimated using the Black-Scholes Option Pricing Model) of \$4.41 for a five year vesting period.
- (3) Consists of shares of stock options granted on May 23, 2012 at a fair value on grant date (estimated using the Black-Scholes Option Pricing Model) of \$4.41 for a six year vesting period.

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## All Other Compensation Table

The following table sets forth all other compensation received from the Company in the form of benefits and perquisites for the fiscal year ended December 31, 2013, by its NEOs.

Name	Auto Expense (\$)	Board of Director Fees (\$)	Cell Phone/PDA (\$)	Club Membership (\$)	EISCP Contribution (\$)	ESOP Contribution (\$)	401(k) Contribution (\$)	Imputed Income-Split Dollar Life Ins (\$)	Supplemental Life Ins Premiums (\$)	Dividends (\$)	Supplemental Disability Ins (\$)	Other Reimbursements (\$)
C. R. Cloutier	761	60,600	2,666	1,996	13,563	8,544	1,684	804	16,874	280	3,314	
Gerald G. Reaux, Jr.	6,000	48,800	2,460	2,790	n/a	8,544	-	n/a	2,012	n/a	10,497	
Troy M. Cloutier	608	33,200(1)	1,800	1,308	n/a	8,544	1,445	n/a	813	108	4,347	
James R. McLemore	5,358	n/a	1,800	4,936	n/a	8,544	-	n/a	2,525	181	1,232	
John R. Nichols	4,232	18,900(2)	1,130	2,377	n/a	7,728	-	n/a	5,975	112	6,767	

(1) Mr. Troy Cloutier was appointed to the MidSouth Bank, N.A. Board of Directors and receives fees for his service on the Board and the committees he serves.

(2) Mr. Nichols was appointed to the MidSouth Bank, N.A. Directors Loan Committee and receives fees for his service on this committee.

## Grants of Option-Based Awards

No option awards were granted to the NEOs in 2013.

## Grants of Plan-Based Awards

The following table discloses the total payout opportunities under non-equity incentive based plan awards for 2013. No amounts were paid in 2013 under the AICP. For additional information on the AICP, see "Compensation Discussion and Analysis" above.

Non-Equity Incentive Plan  
Opportunity for Most Recently Completed Fiscal  
Year

Named Executive Officer	Plan Name	Threshold	Target	Maximum
C. R. Cloutier	2013 AICP	\$ 21,250	\$ 42,500	(1 )
Gerald G. Reaux, Jr.	2013 AICP	\$ 16,250	\$ 32,500	(1 )
Troy M. Cloutier	2013 AICP	\$ 12,750	\$ 25,500	(1 )
James R. McLemore	2013 AICP	\$ 12,000	\$ 24,000	(1 )
John R. Nichols	2013 AICP	\$ 10,250	\$ 20,500	(1 )

(1) The Compensation Committee has the discretion to increase the payouts under the 2013 AICP awards in the event that the performance measures exceeded the target levels after all qualifying conditions are met. Under the

terms of the 2014 AICP there is no cap on the discretionary amount that may be paid for performance in excess of target levels.

Outstanding Equity Awards at Fiscal Year-End

The following table reflects each NEO's outstanding equity awards at December 31, 2013.

Named Executive Officer	Option Awards				Equity Incentive Plan Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (1) (#)	Number of Awards of Securities Unearned Underlying Options (#)	Exercise Price (\$)	Option Expiration Date (f)	Options Vesting Date (1) (g)	Number of Securities or Stock Units Not Vested (h)	Value of Stock or Units Not Vested (\$)	Number of Shares, Units or Rights Not Vested (j)	Value of Unearned Shares, Units or Rights (k)	Market Awards: Payout Value of Unearned Shares, Units or Rights (l)	Market Awards: Payout Value of Unearned Shares, Units or Rights (m)
C. R. Cloutier	7,085	35,417	-	\$ 12.97	5/23/22	05/23/18	-	-	-	-	-	-
Gerald G. Reaux, Jr.	7,517	30,070	-	\$ 12.97	5/23/22	5/23/17	-	-	-	-	-	-
Troy M. Cloutier	1,805	-	-	\$ 19.68	02/27/14	02/27/09	-	-	-	-	-	-
James R. McLemore	1,313	-	-	\$ 20.88	12/14/15	12/14/10	-	-	-	-	-	-
John R. Nichols	5,088	20,355	-	\$ 12.97	5/23/22	5/23/17	-	-	-	-	-	-
	4,256	17,024	-	\$ 12.97	5/23/22	5/23/17	-	-	-	-	-	-
	1,313	-	-	\$ 20.88	12/14/15	12/14/10	-	-	-	-	-	-
	3,515	14,064	-	\$ 12.97	5/23/22	5/23/17	-	-	-	-	-	-

(1) All options listed above vest at a rate of 20% annually over a five-year period from the date of grant, excluding Mr. C. R. Cloutier who has a six-year vesting period.

Option Exercises and Restricted Stock Vested

The following table shows the number of restricted stock awards that vested in 2013. None of our NEOs exercised any stock options in 2013.

Named Executive Officer	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) (1)

	(#)			
C. R. Cloutier	-	-	1,272.51	\$19,762
Gerald G. Reaux, Jr.	-	-	-	-
Troy M. Cloutier	-	-	489.43	\$7,601
James R. McLemore	-	-	822.24	\$12,769
John R. Nichols	-	-	509.01	\$7,905

(1) Market value is calculated based on the closing price of \$15.53 on June 28, 2013.

## Pension Benefits

The EISCP with Mr. C. R. Cloutier is considered a defined contribution plan and is reported below under the “Nonqualified Deferred Compensation Table.”

## Nonqualified Deferred Compensation Table

The following table reflects the activity during the 2013 calendar year for Mr. C. R. Cloutier under our deferred compensation benefit plans. No other NEO is currently participating under our deferred compensation benefit plans.

Named Executive Officer	Plan Name(1)	Executive Contributions	Employer Contributions in Last Fiscal Year	Aggregate Gain/Loss in Last Fiscal Year	Aggregate Withdrawals/ Distributions	Aggregate Balance At End of Last Fiscal Year
C. R. Cloutier	DDCP	-	-	\$ 120,587	-	\$ 1,212,712
	EISCP	-	\$ 13,563	-	-	\$ 165,621

(1) The DDCP is invested in our common stock. Earnings (losses) are based on the increase (decrease) in stock price during the year. Dividends paid on the common stock are credited to each account and are used to purchase additional shares of common stock. For the EISCP, the amounts presented reflect contributions to the balances held in the pre-retirement accounts associated with the plan.

We provide Mr. C. R. Cloutier with an EISCP, which establishes a pre-retirement account. Upon Mr. C. R. Cloutier reaching normal retirement age, he may elect to receive payment as designated by the accrued amounts within the account. The payments are required to be disbursed in the form of annual cash installments over 10 years. At the present time, Mr. C. R. Cloutier has elected not to begin to receive payments under the EISCP, although he has reached the normal retirement age, as defined in the agreement. This account was established as a liability reserve account on our balance sheet for the benefit of the executive officer. The account is increased or decreased each year by an amount equal to the index (annual earnings/loss for the year determined by the aggregate annual after-tax income as if potential life insurance contracts were purchased on the effective date of the agreement) less the cost of funds expense for that year (sum of the amount of premiums set forth in the potential life insurance contracts purchased on the effective date of the agreement, plus the amount of any after-tax benefits paid to the executive officer plus the amount of all previous years after-tax costs of funds expense and multiplying the sum by the average after-tax cost of funds of our third quarter report for the fiscal year as filed with the Federal Reserve).

## Potential Payments upon Termination or Change-In-Control

The discussion and tables below reflect the estimated amount of compensation that Mr. C. R. Cloutier would be entitled to in the event of termination of his employment. The amounts shown assume a termination date of December 31, 2013. Amounts do not include compensation and benefits available to all of the Company's general employees on a non-discriminatory basis.

Compensation and/or Benefits Payable Upon Termination (1)	Early Retirement/Voluntary Resignation	Involuntary Termination for Cause	Involuntary Termination Without Cause	Termination in Connection with a Change-in-Control		
				(Without Cause or for Good Reason)	Termination in the Event of Disability	Termination in the Event of Death
C. R. Cloutier						
Supplemental Life Insurance Death Benefit	-	-	-	-	-	\$ 850,000
Supplemental Long-Term Disability Benefit	-	-	-	-	\$ 87,600	-
Executive Indexed Salary Continuation Benefit	\$ 165,621	-	\$ 165,621	\$ 181,790	\$ 165,621	\$ 165,621
Split-Dollar Life Insurance	-	-	-	-	-	\$ 379,435
Severance Benefits Plan(2)	-	-	-	\$ 425,000	-	-
Accelerated Equity Awards(3)	\$ 173,189	-	-	\$ 173,189	\$ 173,189	\$ 173,189
<b>Total</b>	<b>\$ 338,810</b>	<b>-</b>	<b>\$ 165,621</b>	<b>\$ 779,979</b>	<b>\$ 426,410</b>	<b>\$ 1,568,245</b>

(1) All figures based on appropriate present value discounting and/or account balances as provided by current administrators of each plan type.

(2) Reflects payments that would have been owed pursuant to the Severance Benefits Plan.

(3) Reflects the value that would be realized upon the exercise of in-the-money options which would vest upon a change in control, based on the difference between the option exercise price and the closing market value of the common stock on December 31, 2013 of \$17.86.

Upon voluntary resignation, Mr. C. R. Cloutier receives the balance in his pre-retirement account under the EISCP paid out in equal annual installments over a ten-year period beginning at the age of 65.

Upon involuntary termination without cause, Mr. C. R. Cloutier receives the balance in his pre-retirement account under the EISCP paid out in equal annual installments over a ten-year period beginning at the age of 65.

In the event of termination without cause or for good reason in connection with a change-in-control, Mr. C. R. Cloutier will receive the benefit specified under the terms of his EISCP as if he had been continuously employed until his normal retirement age of 65. At the discretion of the Company, he may also receive the benefit specified under the terms of the Severance Benefits Plan in connection with a change-in-control.

Upon long-term disability, Mr. C. R. Cloutier will receive the annual benefit presented in the table as specified under his supplemental long-term disability policy. Mr. C. R. Cloutier also receives the balance in his pre-retirement account paid out in equal annual installments over a ten-year period beginning at the age of 65.

Upon death, Mr. C. R. Cloutier's beneficiaries will receive the benefit as defined under his supplemental life insurance policy. In addition, his beneficiaries will receive a lump-sum payment of the unpaid accrued benefit balance in his pre-retirement account associated with the EISCP as well as the benefit amount equal to 80% of the net at risk insurance portion of the proceeds of the whole life policy associated with his split-dollar life insurance plan.

Under the terms of 2007 Omnibus Incentive Plan, all outstanding equity awards vest and become fully exercisable upon a change-in-control.

The discussion and tables below reflect the estimated amount of compensation that the NEOs, other than Messrs. C. R. Cloutier and Reaux, would be entitled to in the event of termination of their employment. The amounts shown assume a termination date of December 31, 2013. Amounts do not include compensation and benefits available to all of the Company's general employees on a non-discriminatory basis.

Compensation and/or Benefits Payable Upon Termination (1)	Early Retirement/Voluntary Resignation	Involuntary Termination for Cause	Involuntary Termination Without Cause	Termination in Connection with a Change-in-Control (Without Cause or for Good Reason)	Termination in the Event of Disability	Termination in the Event of Death
<b>Troy M. Cloutier</b>						
Supplemental Life Insurance Death Benefit	-	-	-	-	-	\$ 780,000
Supplemental Long-Term Disability Benefit	-	-	-	-	\$ 108,420	-
Severance Benefits Plan(2)	-	-	-	\$ 255,000	-	-
Accelerated Equity Awards(3)	\$ 99,536	-	-	\$ 99,536	\$ 99,536	\$ 99,536
<b>Total</b>	<b>\$ 99,536</b>	<b>-</b>	<b>-</b>	<b>\$ 354,536</b>	<b>\$ 207,956</b>	<b>\$ 879,536</b>
<b>James R. McLemore</b>						
Supplemental Life Insurance Death Benefit	-	-	-	-	-	\$ 920,000
Supplemental Long-Term Disability Benefit	-	-	-	-	\$ 96,000	-
Severance Benefits Plan(2)	-	-	-	\$ 240,000	-	-
Accelerated Equity Awards(3)	\$ 83,247	-	-	\$ 83,247	\$ 83,247	\$ 83,247
<b>Total</b>	<b>\$ 83,247</b>	<b>-</b>	<b>-</b>	<b>\$ 323,247</b>	<b>\$ 179,247</b>	<b>\$ 1,003,247</b>
<b>John R. Nichols</b>						
Supplemental Life Insurance Death Benefit	-	-	-	-	-	\$ 600,000
Supplemental Long-Term Disability Benefit	-	-	-	-	\$ 87,876	-
Severance Benefits Plan(2)	-	-	-	\$ 205,000	-	-
Accelerated Equity Awards(3)	\$ 68,773	-	-	\$ 68,773	\$ 68,773	\$ 68,773
<b>Total</b>	<b>\$ 68,773</b>	<b>-</b>	<b>-</b>	<b>\$ 273,773</b>	<b>\$ 156,649</b>	<b>\$ 668,773</b>

(1) All figures based on appropriate present value discounting and/or account balances as provided by current administrators of each plan type.

(2) Reflects payments that would have been owed pursuant to the Severance Benefits Plan.

(3) Reflects the value that would be realized upon the exercise of in-the-money options which would vest upon a change in control, based on the difference between the option exercise price and the closing market value of the common stock on December 31, 2013 of \$17.86.

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In the event of termination without cause or for good reason in connection with a change-in-control, Messrs. T. Cloutier, McLemore and Nichols, at the discretion of the Company, may also receive the benefit specified under the terms of the Severance Benefits Plan in connection with a change-in-control.

Upon long-term disability, Messrs. T. Cloutier, McLemore and Nichols will receive the annual benefit presented in the table as specified under his supplemental long-term disability policy.

Upon death, Messrs. T. Cloutier, McLemore and Nichols beneficiaries will receive the benefit as defined under his supplemental life insurance policy.

Under the terms of 2007 Omnibus Incentive Plan, all outstanding equity awards vest and become fully exercisable upon a change-in-control.

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## DIRECTOR COMPENSATION

The following table sets forth the compensation paid to each of our non-employee directors for the 2013 calendar year. For information regarding the director fees paid to Messrs. C. R. Cloutier and Reaux, both of whom were employee directors in 2013, see the "Summary Compensation Table" above.

Director Name (a)	Fees Earned or Paid in Cash (\$) (1) (b)	Stock Awards (\$) (c)	Option Awards (\$) (d)	Non-Equity Incentive Plan Compensation (\$) (e)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) (f)	All Other Comp. (\$) (2) (g)	Total (\$) (h)
Will Charbonnet Sr.	\$72,600	-	-	-	-	-	\$72,600
Leonard Q. Abington(3)	\$50,400	-	-	-	-	\$31,781	\$82,181
James R. Davis Jr.	\$53,400	-	-	-	-	-	\$53,400
J.B. Hargroder, M.D.	\$53,700	-	-	-	-	-	\$53,700
Clayton Paul Hilliard	\$34,500	-	-	-	-	-	\$34,500
Milton B. Kidd III, O.D.	\$34,100	-	-	-	-	-	\$34,100
Timothy J. Lemoine	\$50,200	-	-	-	-	-	\$50,200
R. Glenn Pumpelly	\$42,700	-	-	-	-	-	\$42,700
William M. Simmons	\$47,500	-	-	-	-	-	\$47,500
Joseph V. Tortorice, Jr.	\$22,900	-	-	-	-	-	\$22,900

(1) Director fees include remuneration in the form of a standard retainer fee, individual meeting fees, committee chair fees, as well as reasonable and customary travel expense reimbursement where applicable.

(2) Certain directors receive perquisites such as travel reimbursement; however, the aggregate amount of such compensation is less than \$10,000 and therefore is not reported.

(3) In connection with the PSB acquisition, MidSouth Bancorp, Inc. and Leonard Q. Abington entered into a Consulting and Restrictive Covenant Agreement by which Mr. Abington will receive \$25,000 for consulting services to MidSouth and its subsidiaries and reimbursement for certain perquisites for a period of five years following the PSB acquisition closing date of December 28, 2012.

## Board Fee Schedule

A schedule of director fees is listed below. All of the Company's directors are also Directors of the Bank. Directors receive meeting fees only for meetings they attend.

## 2013 Summary of Board Fee Schedule

Monthly Board Service Fee (Retainer)		
Holding Company Board	\$	750
Bank Board	\$	300
Additional Monthly Fees per Responsibility		
Board Chair	\$	900
Audit Committee Chair	\$	1,300
Holding Company & Bank Board Meeting Fees		
Regular Board Meetings	\$	500
Special Board Meetings	\$	500
Committee Meetings		
· First Hour	\$	200
· Amount Per Additional Hour	\$	100

## Director's Deferred Compensation Plan

We have a Directors Deferred Compensation Plan (the "DDCP") for members of the Board, administered by the Executive Committee of the Board. The DDCP allows for participation by any member of the Board of Directors of the Company or the board of any of its subsidiaries. To participate in the DDCP, the Director executes a deferral authorization form in which the Director agrees to defer all or a specified percentage of his fees payable for the services as a member of the Board or a participating subsidiary. The DDCP provides for the establishment of a revocable trust to be known as the Deferred Compensation Trust of MidSouth Bancorp, Inc. (the "Trust") in accordance with the terms of the DDCP, MidSouth Bank, N.A., a subsidiary of the Company, serves as the Trustee for the Trust. Within 30 days following the end of a calendar quarter, the Company or its participating subsidiaries will contribute fees deferred pursuant to the deferral authorizations in effect during eligible time periods. Amounts will be credited to participants via individually established deferred compensation accounts ("DCAs"). All contributions and withdrawals must be in accordance with Section 409A of the Internal Revenue Code.

Each participant will act as a general creditor of the Company or its subsidiaries and will have an unsecured right to funds deferred into their individual DCA. Dividends paid on the common stock are credited to each account as shares of common stock, and if in cash, are used to purchase additional shares of common stock. These shares will not carry voting rights in addition to dividends. Distributions are pursuant to the terms of the DDCP and shall be made 60 days after the later of (i) the date on which a Director ceases providing services to the Company or a participating subsidiary, or (ii) the date on which a Director attains age 65. The Board, or Executive Committee of the Board, may establish additional guidelines for the DDCP including but not limited to contributions and distributions in accordance with applicable laws and other regulatory guidelines.

## RELATIONSHIP WITH INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

## Principal Accountant

The Audit Committee of the Board of Directors has appointed the firm of Porter Keadle Moore, LLC, independent certified public accountants, to serve as our principal auditors and to perform the audit of the financial statements for the fiscal year ending December 31, 2013. Representatives of Porter Keadle Moore, LLC will be present at the Annual Meeting, will have an opportunity to make a statement if they so desire, and will be available to respond to appropriate shareholder questions.

## Fees and Services

During the period covering the fiscal years ended December 31, 2013 and 2012, Porter Keadle Moore, LLC performed the following professional services:

Description	2013	2012
Audit Fees	\$ 217,328	\$ 270,444
Audit-Related Fees	\$ 5,000	\$ 4,800
Tax Fees	\$ 21,897	-
All Other Fees	-	-

## Audit Fees

This category includes aggregate fees billed for professional services rendered by Porter Keadle Moore, LLC for the audit of the Company's annual consolidated financial statements for the years ended December 31, 2013 and 2012, including the audit of internal controls over financial reporting; review of the annual report on Form 10-K; review of quarterly condensed consolidated financial statements included in periodic reports filed with the SEC; and the audit of business combinations in 2012 and the review of regulatory filings included in documents filed with the SEC in 2012, including out of pocket expenses.

## Audit-Related Fees

This category includes aggregate fees billed for professional services rendered by Porter Keadle Moore, LLC for the review of the Company's compliance with the Small Business Lending Fund Securities Purchase Agreement.

## Tax Fees

This category includes aggregate fees billed for professional services by Porter Keadle Moore, LLC for tax compliance, tax advice and tax planning. These services include assistance regarding federal and state tax compliance. Porter Keadle Moore, LLC did not provide tax services to the Company in 2012.

## 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. The Audit Committee approved all of the services performed by Porter Keadle Moore, LLC in 2013.

### AUDIT COMMITTEE REPORT

Our Audit Committee is composed of five non-employee directors. The Board has made a determination that its members satisfy NYSE requirements as to independence, financial literacy and experience. The Board has also determined that it is not clear whether any member of the Committee is an “Audit Committee Financial Expert” within the meaning of SEC Rules, but the Board does not believe an Audit Committee Financial Expert is necessary in view of the overall financial sophistication of Committee members. The responsibilities of the Audit Committee are set forth in our Audit Committee Charter.

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 16. The Committee also received the written disclosures and the letter from the independent auditors required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor’s communications with the Audit Committee concerning independence, and has discussed with the independent auditors the independent auditors’ independence.

The Committee discussed with our 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 our internal controls, and the overall quality of our 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, 2013 for filing with the SEC.

By the members of the Audit Committee:

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

ANY SHAREHOLDER MAY BY WRITTEN REQUEST OBTAIN WITHOUT CHARGE A COPY OF OUR ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2013, WITHOUT EXHIBITS. REQUESTS SHOULD BE ADDRESSED TO SHALEEN B. PELLERIN, INVESTOR RELATIONS, P. O. BOX 3745, LAFAYETTE, LOUISIANA 70502.

By order of the Board of  
Directors

/s/ R. Glenn Pumpelly  
R. Glenn Pumpelly  
Secretary to the Board

Lafayette, Louisiana  
April 8, 2014





