TUCOWS INC /PA/
Form 4
April 03, 2013

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
GISSIN EREZ

(Last) (First) (Middle)

96 MOWAT AVENUE

(Street)

TORONTO, A6 M6K 3M1

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
TUCOWS INC /PA/ [TCX]

3. Date of Earliest Transaction (Month/Day/Year)
04/03/2013

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	04/03/2013		M		20,000	A	$ 0.6	35,000	D	

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

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option (Right to Buy)	$ 0.6	04/03/2013		M			20,000	05/23/2008	05/23/2013	Common Stock	20,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
GISSIN EREZ 96 MOWAT AVENUE TORONTO, A6 M6K 3M1	X			

Signatures

/s/ Erez Gissin	04/03/2013
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. T: 9pt; TEXT-INDENT: 0pt; MARGIN-RIGHT: 17.4pt" align="right">4.48%

Clayton Paul Hilliard
252,550(7)
2.59%

Milton B. Kidd, III, O.D.
239,355
2.45%

Timothy J. Lemoine
28,803(8)
*

R. Glenn Pumpelly
22,279(1,9)
*

Gerald G. Reaux, Jr.
196

		*
William M. Simmons	223,286(10)	2.29%
Joseph V. Tortorice, Jr.	114,418(1,11)	1.18%
Named Executive Officers:		
Donald R. Landry	28,116	*
James R. McLemore	1,822(12)	*
John R. Nichols	9,047(13)	*
All directors, nominees, and executive officers as a group (15 persons)	2,110,804(14)	21.36%

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* Less than 1% of the outstanding common stock, based on 9,880,743 shares of our common stock issued and outstanding as of March 31, 2011.

(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 (370,857 shares or 3.75% as of March 31, 2011). 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 they will become exercisable within 60 days of March 31, 2011 ("Current Options") are deemed outstanding for purposes of computing the percentage of outstanding Common Stock

-16-

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 51,826 shares as to which he shares voting and investment power.

(3) Includes 221,343 shares as to which he shares voting and investment power. Mr. Cloutier and his wife, Brenda Cloutier, have pledged 15,000 shares to Whitney Bank securing a loan in the amount of $300,000 with a balance of $192,989 for their daughter’s daycare business. Additionally, Mr. and Mrs. Cloutier have pledged 6,979 shares to First National Banker’s Bank to secure a personal loan in the amount of $140,045 with a balance of $57,940.

(4) Includes 8,998 shares as to which he shares voting and investment power. Mr. Davis has pledged 27,375 shares to Capital One Investments to secure a $250,000 line of credit with a balance of $235,000 as well as a securing a $159,658 loan with a balance of $113,650.

(5) Includes 1,244 shares as to which she has sole voting and investment power.

(6) Includes 380,200 shares as to which he shares voting and investment power.

(7) Includes 117,000 shares as to which he has sole voting and investment power. Mr. Hilliard has pledged 43,672 shares to MidSouth Bank as partial security on a $1,000,000 line of credit with a balance of $0.00. Additionally, Mr. Hilliard has 15,200 shares in his Morgan Stanley account which serves as collateral for his UBS Line of Credit which has an outstanding balance of $528,592.

(8) Includes 21,217 shares as to which he shares voting and investment power.

(9) Includes 22,279 shares as to which he shares voting and investment power.

(10) Includes 8,098 shares as to which he shares voting and investment power.

(11) Includes 107,799 shares as to which he shares voting and investment power.

(12) Includes 1,000 shares as to which he has sole voting and investment power.

(13) Includes 1,984 shares as to which he has sole voting and investment power.

(14) Total reflects 12,404 shares held in the DDCP for the benefit of a former director who has not yet received a distribution.

The following table shows the number of shares in the DDCP (see footnote 1 above) and ESOP, and the number of shares subject to Current Options that have been included in the above ownership table.

Name	DDCP	ESOP	Current Options
Directors and Nominees:			
Will Charbonnet, Sr.	52,736	--	--
C. R. Cloutier	64,215	34,440	19,998
James R. Davis, Jr.	41,707	--	--
Karen L. Hail	41,186	58,354	--
J. B. Hargroder, M.D.	56,712	--	--
Clayton Paul Hilliard	23,988	--	--
Milton B. Kidd, III, O.D.	18,922	--	--
Timothy J. Lemoine	7,586	--	--
R. Glenn Pumpelly	--	--	--
Gerald G. Reaux, Jr.	--	--	--
William M. Simmons	54,361	--	--
Joseph V. Tortorice, Jr.	6,619	--	--
Named Executive Officers:			
Donald R. Landry	--	28,116	--
James R. McLemore	--	--	--
John R. Nichols	--	3,256	1,313

-18-

Security Ownership of Certain Beneficial Owners

The following lists the only persons known to us as of March 31, 2011 to beneficially own more than five percent of our Stock.

	Common Stock Beneficially Owned as of Record Date	
Name and Address Of Beneficial Owner	Amount	Percent of Class
MidSouth Bancorp, Inc., Employee Stock Ownership Plan, ESOP Trustees and ESOP Administrative Committee(1) P. O. Box 3745, Lafayette, LA 70502	584,109	5.91%
Sy Jacobs/Jacobs Asset Management, LLC 11 East 26 Street New York, New York 10010	605,841	6.13%(2)
Lord, Abbett & Co., L.L.C. 90 Hudson Street Jersey City, NJ 07302	512,653	5.19%(3)

(1) The Administrative Committee directs the Trustees how to vote the approximately 7,890 unallocated shares in the ESOP as of March 31, 2011. Voting rights of the shares allocated to ESOP participants' accounts are passed through to them. The Trustees have investment power with respect to the ESOP's assets, but must exercise it in accordance with an investment policy established by the Administrative Committee. The Trustees are Irving Boudreaux, Regional President, and Bernie Parnell and Susan Benoit, two Bank officers. The Administrative Committee consists of three Bank officers Marla Napier, Monique Bradberry, and Susan Davis, Senior Accounting Supervisor.

(2) Percentage is as of record date. Share ownership percentage as of December 31, 2010 was 6.23%. As reported on Schedule 13G/A dated February 14, 2011, Sy Jacobs/Jacobs Asset Management, LLC, has shared voting power and shared dispositive power with respect to the shares.

(3) Percentage is as of record date. Share ownership percentage as of December 31, 2010 was 5.27%. As reported on Schedule 13G dated February 14, 2011, Lord Abbett & Co., LLC, has sole voting power with respect to 425,353 shares and sole dispositive power with respect to 512,653 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 Personnel Committee) will review and, if appropriate, approve any transaction in which the Company is or will be a party and 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.

-20-

COMPENSATION DISCUSSION AND ANALYSIS

The following Compensation Discussion and Analysis ("CD&A") may contain statements regarding current and future the 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.

This CD&A is intended to assist you in understanding our compensation programs. It is intended to explain the philosophy underlying our compensation strategy and the fundamental elements of compensation paid to our Chief Executive Officer, Chief Financial Officer, and other individuals included in the Summary Compensation Table (Named Executive Officers or "NEOs") for 2010. It is the intent of the Company to comply with all regulations related to executive compensation disclosures outlined by federal agencies including, but not limited to, the SEC, Federal Reserve, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation ("FDIC").

Objectives of Our Compensation Programs

The Personnel Committee of the Board of Directors (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 stockholder 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 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.

Impact of American Recovery and Reinvestment Act of 2009 on Executive Compensation

In January 2009, the Company issued 20,000 shares of Series A preferred stock ("the Securities") associated with its participation in the Treasury's CPP under the TARP, which was established by the Treasury pursuant to the EESA. The CCP imposes restrictions on executive compensation, which are detailed further in the narrative. We were required to make certain changes to executive compensation arrangements as necessary to comply with the provisions of the EESA. These restrictions and prohibitions apply to various officers, as discussed in greater detail below.

Overview of 2010 Performance and Compensation

The banking markets within Louisiana and Texas were significantly affected by downturns in the U.S. economy in 2010. Their economic outcomes were further complicated by the Deepwater Horizon offshore oil spill that threatened the ecosystem along the Gulf Coast, along with specific industries. Fishing and tourism, along with the oil and gas industry were feared to be the hardest hit by the oil spill that occurred in April 2010. Portfolio performance for organizations like the Company did experience some negative impact due to the oil spill, but prompt action by BP, along with strong cleanup efforts, helped to support the financial health of borrowers otherwise impacted by the economic conditions. During the second quarter of 2010, the Bank experienced a slight decline in assets and performance due to lower net income and asset restructuring but rebounded with stronger numbers for each of the third and fourth quarter periods.

Our culture continues to strive for performance while prudently managing risks. When overall profitability was affected by recent economic conditions, it resulted in a change to our compensation structure. 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. We do this by providing compensation that is tied to our short-term and long-term performance goals to motivate our executive officers to attain these goals. Traditionally, our policy has been to provide a large portion of compensation in cash, including an annual base salary and an opportunity to receive an annual incentive that is based on earnings per share (“EPS”). Our approach to total compensation is similar yet we felt the need in 2010 to broaden our incentive criteria beyond EPS as the primary performance metric for goal attainment.

The key difference is that we expanded beyond just current earnings to further define what the Company is trying to achieve. We have developed new compensation structures that align employees, not just executives, with the best interests of our shareholders. Distinct levels of incentive criteria: overall bank goals, regional/departmental goals and individual goals were developed to encourage greater profitability, measured growth, controlled risk and portfolio quality. Bank employees collectively will have a portion of their incentive awards linked to overall bank goals in order for them to clearly understand what objectives are most important to the organization. Since not every individual can equally affect how overall bank goals are attained, their individual ability to provide positive outcomes toward these goals is weighted according to their position. The most senior executives within the organization have the majority of any eligible bonus tied directly to overall bank goals. Other officers have a shift in the weighting of their award levels that provides a greater balance between overall bank goals and regional/department/individual goals. As such, achievement by everyone individually, with respect to what they can directly influence in the process, will result in a positive overall outcome for the Company.

Regarding base pay, we continue to target executive salaries at the 50th percentile as it represents the “midpoint” of the market. Cash compensation (salary + cash incentives) and direct compensation (cash compensation + equity incentives) are targeted at the 50th percentile of the market when target performance goals are achieved and at the 75th percentile of the market when maximum performance goals are achieved.

-22-

As a participant in the CPP established by the Treasury, the Company is subject to certain restrictions and limitations on the compensation it may provide to certain of its executive officers and other employees. Accordingly, the Company's compensation programs must be designed and administered in compliance with these restrictions and limitations for as long as the Company remains subject to them. Additionally, as a financial institution, we must abide by any other rules, regulations or guidelines that may be imposed by bank regulatory authorities.

Elements of Compensation

As mentioned previously, we made changes in 2010 to our annual incentive plan structure in order to further align employees with shareholder interests. We believe it was necessary going forward to hold employees more accountable in sharing organizational goals at all levels: overall Bank, regional, departmental, and individual. This realignment of incentive compensation structure helps everyone in the organization to better understand what is necessary to achieve objectives that will strengthen both the short-term and long-term viability of the Company, while providing shareholders with favorable investment returns. The elements of compensation used during 2010 to compensate the executive officers include:

- Base Salary – fixed base pay reflective of each officer's position, individual performance, experience, and expertise.
- Annual Incentives – cash awards based upon overall bank performance under the Company's 2010 Annual Incentive Compensation Plan ("AICP").
- Equity-based Awards – equity-based awards in the form of restricted stock. These were awarded as discretionary grants to eligible participants, in conjunction with the 2010 AICP and in compliance with the 2007 Omnibus Incentive Plan.
- Retirement Benefits – included the ESOP, 401(k) retirement plan, and Executive Indexed Salary Continuation Agreements for Mr. Cloutier, Ms. Hail, and Mr. Landry. Mr. Cloutier and Ms. Hail also participated in the Director Deferred Compensation Plan ("DDCP"). On January 25, 2010 Mr. Landry resigned his position with the Company and terminated employment and Ms. Hail's employment ended on March 31, 2011.
- Other Compensation – certain executives received 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.

Performance Targets for 2010

Prior to 2010, our method of distributing cash-based awards was in the form of Phantom Stock shares which we felt no longer reflected what was needed to achieve objectives on a bank-wide basis. Through new industry best practices for compensation, we have begun to structure our award payout levels such that they are tied to a percentage of the participant's base salary. We have established a "tier system" that reflects a set percentage of salary that may be awarded to participants in the plan who are within that designation. Participants are typically grouped into particular tier category based upon similar job titles and appropriate job level responsibilities. Specific award levels and performance criteria will vary by tier and by participant. By broadening the performance criteria categories for achieving objectives (i.e., overall Bank, regional/departmental and individual), the Company believes that proportional payout levels are useful in managing business flow, changing market conditions and controlling overall risk within its incentive plans. This approach is intended to eliminate an “all or none” mindset towards achieving incentive income via a single goal such as EPS. The participant may still have an opportunity to earn a portion of their target award level under those circumstances, even if they did not overachieve in all areas.

The economic downturn continued to impact our overall net income in 2010. We prepared our 2010 AICP to provide an emphasis on securing manageable profitability through expense control, risk managed portfolio growth and investment portfolio management. Our executive incentive plan’s overall bank portion was aligned with an emphasis on strong profitability, which is reflected in the percentage of eligible award dollars per individual executive. During 2010 overall bank goal targets were not obtained; therefore, a proportional percent award lower than target was distributed accordingly to those who were eligible to earn incentive awards.

Discretionary restricted stock grants were made available in 2010 to further compliment the executive and officer incentive plan. These grants were awarded with 100% vesting on the third anniversary of the grant date for each participant. Participants will however have the right to receive dividends and vote the shares during the three year vesting period which expires June 30, 2013. Grants were awarded on the same percentage basis equal to target cash award levels. The Company continues to evaluate offering a separate, long-term incentive equity plan structure whereby performance-based equity grants could be awarded annually in addition to cash-based awards. The company is committed to long-term performance and securing value for their shareholders.

We felt discretionary equity grants were necessary components for the 2010 incentive planning process in order to motivate and retain eligible executives. Discretion related to executive compensation will be exercised as determined appropriate and necessary by the Company and its Board of Directors. Lower net income in 2010 resulted in lower cash-based and equity award payouts as compared to recent years. We will continue to consider the use of equity awards as a component of total compensation for our executives to provide a long-term focus on building shareholder value.

Process for Determining Executive Officer Compensation

The Committee administers our executive compensation programs. In 2010, the Committee adopted new resolutions to its committee charter in response to changing regulatory developments, which when adopted could impact how it makes decisions related to executive compensation. The Company, through its Committee, has the sole discretion: (a) to determine whether and to what extent any NEO compensation plans encourage taking unnecessary and excessive risks that threaten the value of the Company; (b) to determine whether and to what extent any other employee compensation plans covering the executives pose risks to the Company that should be limited; (c) to determine whether and to what extent any compensation plans covering the executive encourage the manipulation of reported earnings and (d) to limit or eliminate any compensation or compensation plans based on these determinations.

The Committee continues to evaluate incentive plans and equity plans for the organization in order to comply with its responsibilities to prudently manage risk. 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 also reviews, adopts, and submits to the Board any proposed arrangement or plan and any amendment to an existing arrangement or plan that provides or will provide benefits to the executive officers collectively or to an individual executive officer. The Committee has sole authority to retain and terminate a compensation consultant or other advisor as the Committee deems appropriate.

During 2010, the Committee consisted of Will Charbonnet, Sr. (Chairman), James R. Davis, Jr., J. B. Hargroder, M.D., R. Glenn Pumpelly and Joseph V. Tortorice, Jr. The members of the Committee all qualify as independent, outside members of the Board in accordance with the requirements of the New York Stock Exchange (NYSE Amex), current SEC regulations and section 162(m) of the Internal Revenue Code.

To ensure the competitiveness of our total compensation package, the Committee will engage independent third party consultants to review specific executive and officer cash compensation, including base salary, annual cash incentives, direct compensation (cash compensation and all forms of equity compensation), and total compensation (direct compensation and all other forms of compensation). In 2010, the Committee retained Amalfi Consulting and ZRG Partners, both of which are independent third-party consulting companies specializing in providing compensation consulting and other human capital services to financial institutions. Services provided by Amalfi Consulting and ZRG Partners included performance-based annual cash incentive award structuring, long-term incentive compensation advisory, as well as cash compensation benchmarking for specific non-proxy officer positions. Services provided by ZRG Partners include CD&A and other proxy-related preparation and support. The Committee engaged both firms for the services as indicated.

Benchmarking Executive Compensation

A custom proxy peer group is established and industry salary surveys are utilized as part of the objective process. Peer group selection generally includes performance metrics for publicly traded banks of similar asset size, comparable business models, regional geography and other key performance and qualitative criteria.

To evaluate executive pay, the Committee considers data collected on external competitive levels of compensation and internal equity pay related to specific positions within our NEO group. The Committee makes decisions regarding individual executives' target total compensation opportunities based on comparable peer data, national market survey data reflecting cash compensation benchmarks by position, as well as other market-specific needs to attract, motivate and retain an experienced and effective management team.

Company Name	Ticker	City	State	Total Assets 2009Y ($000)	Total Assets 2010-Q3 ($000)	ROAE 2010-Q3 (%)	ROAA 2010-Q3 (%)	NPAs/ Assets 2010-Q3 (%)
Great Southern Bancorp Inc.	GSBC	Springfield	MO	3,641,119	3,402,798	7.41	0.63	-
Southside Bancshares Inc.	SBSI	Tyler	TX	3,024,288	3,017,527	20.30	1.47	0.62
Home BancShares Inc.	HOMB	Conway	AR	2,684,865	3,392,137	8.22	1.33	3.72
CenterState Banks	CSFL	Davenport	FL	1,751,299	2,123,443	(4.29)	(0.54)	3.77
Southern Community Financial	SCMF	Winston-Salem	NC	1,728,608	1,662,786	(18.85)	(1.36)	7.10
TIB Financial Corp.	TIBB	Naples	FL	1,705,407	1,740,891	(156.68)	(5.80)	5.80
First M&F Corp.	FMFC	Kosciusko	MS	1,662,968	1,546,635	(21.15)	(1.48)	6.13
Encore Bancshares Inc.	EBTX	Houston	TX	1,635,355	1,650,662	(11.72)	(1.33)	3.94
MetroCorp Bancshares Inc.	MCBI	Houston	TX	1,589,548	1,567,459	(6.26)	(0.62)	5.46
Wilson Bank Holding Company	WBHC	Lebanon	TN	1,464,008	1,504,785	6.53	0.62	3.01
Cass Information Systems	CASS	Bridgeton	MO	1,012,981	1,217,429	14.57	1.76	0.24
First Citizens Bancshares Inc.	FIZN	Dyersburg	TN	956,555	977,038	9.45	0.87	2.25
First Farmers Merchants Corp.	FFMH	Columbia	TN	935,028	963,088	6.78	0.77	3.20
First Guaranty Bancshares Inc.	FGYH	Hammond	LA	930,847	1,060,492	-	-	3.52
	PFBX	Biloxi	MS	869,007	819,437	2.86	0.35	3.13

Peoples Financial Corp.								
Citizens Holding Co.	CIZN	Philadelphia	MS	840,004	842,834	9.23	0.86	1.78
Auburn National Bancorp.	AUBN	Auburn	AL	773,382	777,846	7.95	0.60	2.18
United Security Bancshares	USBI	Thomasville	AL	691,754	653,782	3.32	0.41	5.70
Landmark Bancorp Inc.	LARK	Manhattan	KS	584,167	567,303	4.29	0.40	1.71
First Bancshares Inc.	FBMS	Hattiesburg	MS	477,552	504,749	5.28	0.49	2.14
Average				1,447,937	1,499,656	(5.93)	(0.03)	3.44
25th Percentile				861,756	836,985	(5.28)	(0.58)	2.16
50th Percentile				1,238,495	1,361,107	5.28	0.49	3.20
75th Percentile				1,711,207	1,682,312	8.08	0.82	4.70
MidSouth Bancorp Inc.	MSL	Lafayette	LA	972,142	992,829	4.03	0.53	2.59
Percent Rank				44%	38%	43%	52%	36%

The peer group used by the Company currently was created based on a comparable peer having the majority of the following criteria. For any that did not meet the majority of these parameters, those peers will be reconsidered as needed:

- Publicly traded financial institutions
- Regional locations in the states of AL, AR, FL, KS, LA, MO, MS, NC (only SCMF), OK, TN and TX
- ROAA preference greater than 0.20%
- ROAE preference greater than 2.0%
- NPAs less than 5%
- Asset levels between $400M and $3.0B
- Comparable business model and performance results

-26-

- Although the Committee gains considerable knowledge about the competitiveness of the Company's compensation programs through the benchmarking process and by conducting periodic studies, the Committee recognizes that each financial institution is unique and that significant differences between institutions in regard to executive compensation practices exist.

Recent proposed guidance by regulatory entities such as the Federal Reserve and Treasury were incorporated into the Committee's continued evaluation of the total compensation for the executives and officers.

Compensation Framework: Policies, Process and Risk Considerations

Base Salary. Although we favor the use of incentive compensation, 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.

When setting base salary levels, the Committee takes into account the total direct cash compensation amount targeted for each executive. Essentially, base salary is established by determining the amount of money, in combination with the anticipated amount of annual incentive, necessary to attract and retain top caliber executive officers. Therefore adjustments to base pay levels are made with careful consideration to the total compensation provided to our executive officers.

It is also our goal to set specific base salary levels which appropriately reflect the role and responsibility of the executive officer. In an effort to strengthen the Company's market position, the Board created several new executive positions, which it believes will augment the skills and competencies within its executive team. During this process the Committee considered the abilities, qualifications, accomplishments, prior work experience, and current cost of living metrics when determining the final recommendation to the Board. The newly created positions will also add significant value when evaluating potential acquisitions of other financial institution and/or specific assets. Realignment of 2010 salaries was necessary in order to align our executive team with appropriate market-based compensation benchmarks. Salary changes from 2010 to 2011 are shown in the table below.

Named Executive Officer	2009 Base Salary	2010 Base Salary	2011 Base Salary	% Increase 2010 to 2011
C.R. Cloutier	$200,000	$325,000	$355,000	9.2%
Karen L. Hail	$157,000	$157,000	$ 39,250(4)	n/a
Donald R. Landry	$154,000	$ 22,223 (1)	n/a	n/a
James R. McLemore	$ 91,625 (2)	$210,000	$222,000	13.9%
John R. Nichols	$118,001	$145,503	$170,000 (3)	16.8%

(1) Mr. Landry resigned employment with MidSouth Bank on 1/25/10.
(2) Mr. McLemore began employment with MidSouth Bank on 7/13/09.
(3) Mr. Nichols received increase in base salary commensurate with change in title.
(4) Ms. Hail is no longer an employee of MidSouth Bank effective 3/31/11.

-27-

Annual Incentives. We believe annual incentives are an important element of executive officers' compensation because they provide the incentive and motivation to lead us in achieving success. The 2010 AICP is designed to reward increase shareholder value by focusing the executive officers on our goals for the year and to reward them for achievement of those goals. Incentive awards under the AICP are tied to three categories: overall Bank goals, regional/departmental goals, or individual goals. The incentive awards are based on a fixed percentage of salary per individual participant. For our NEO team, 75% of eligible award payout dollars are tied to achievement of our overall Bank goals, which include net income, net core deposit growth and net loan growth. Mr. Cloutier was not eligible to participate in the 2010 AICP due to TARP restrictions.

The intent is to provide a plan that is based on industry best practices and to provide motivation for each officer to achieve goals relative to overall Bank performance and goals related to his or her specific job function. The plan will also help the Bank mitigate risk with each officer having three company-wide goals as opposed to a single goal as was the focus of the prior plan. 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. The emphasis within the overall Bank goal category for 2010 was net income, which represented a 60% weighting of the eligible award dollars available for payout at target to our NEOs who participate in the plan. Net core deposit growth and net loan growth objectives represent an additional 15% of eligible award dollars available for payout at target. The remaining 25% of eligible award dollars available for payout include regional, departmental, or individual goals specific to each participant's job function. Each participant in the plan, including all NEOs, also has qualitative measures to adhere to regardless of attainment of specific goals. In the event a participant is not in compliance with the qualifying criteria necessary for award payouts, then that individual may not receive any portion of an otherwise earned incentive award.

Long-term Equity Awards. In 2007, we received shareholder approval for an Omnibus Incentive Plan. This plan provides us with flexibility in the design and implementation of long-term equity award programs. Under this plan the Committee may award a variety of forms of equity such as restricted stock, stock options, stock appreciation rights, and performance shares. Stock option grants have an exercise price equal to our stock price at the time they are awarded. We do not engage in the backdating of stock options nor have we retroactively modified our stock option awards. For additional details on the plan please refer to the Company's 2007 Proxy Statement filed on May 30, 2007. Historically stock options have been granted on a discretionary basis. A stock option only rewards the executive if the stock price increases over a period of time. In 2010, we granted restricted stock awards on a discretionary basis. The change to the use of restricted stock from the historical practice of granting stock options was primarily the result of limitations on the permissibility of option grants to executives under the TARP restrictions. This type of equity tool is also useful to limit dilution of current shareholders and to ensure long-term retention of key executives. Future performance-based grants are under consideration by the Committee for 2011.

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

-28-

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. No matching contributions were made in 2010.

For 2010, Executive Indexed Salary Continuation Agreements were in place with Mr. Cloutier, Ms. Hail, and Mr. Landry. The agreements provide that upon the executive officer reaching normal retirement age the executive officer will receive payment of amounts as defined in the agreement and presented in the narrative of the Nonqualified Deferred Compensation section of this document.

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. Contributions to ESOP accounts in 2010 included those made to NEO accounts.

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 split dollar insurance arrangements with Mr. Cloutier and will continue to accrue for post-retirement and death benefits for Mr. Landry and Ms. Hail, as they are the insured on the individual policies. Each arrangement provides benefits to the executive officer’s designated beneficiary in the event of the executive officer’s death.

We provide Mr. Cloutier and Mr. Nichols with reimbursements for an individual supplemental Term Life Insurance Policy payable to a beneficiary of their choice and a supplemental long-term disability policy. Due to Mr. Landry and Ms. Hail no longer being active employees of the Bank, the Company has discontinued reimbursements for premiums on their respective supplemental term life policies and long-term disability policies.

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.

Employment Agreements. The Company currently has no active employment agreements in place. The previous employment agreement in place for Ms. Hail expired on March 31, 2010. The Company’s Board will evaluate employment agreements as needed in the future.

-29-

Executive Compensation Limitations under EESA, ARRA and the Securities Purchase Agreement. Under EESA, ARRA and the Securities Purchase Agreement, the Company will be subject to certain restrictions with respect to the compensation of its Senior Executive Officers ("SEOs") and other specified employees until such time as the Treasury ceases to own any equity or debt securities acquired from the Company pursuant to CPP. The specific impact of the restrictions and limitations continue to evolve, and issuance of regulations by the Treasury has helped to define the new restrictions and limitations on the Company's compensation practices. The Company intends to fully comply with applicable regulations as issued by the Treasury, FDIC, SEC and any other governing body. In addition, the Company intends to comply with recently distributed guidance from the Federal Reserve Bank ("FRB") and FDIC with respect to sound incentive compensation policies.

For purposes of these restrictions, SEOs are defined under the applicable SEC rules as (1) the principal executive officer (PEO), (2) the principal financial officer (PFO), (3) the three most highly compensated executive officers other than the PEO and PFO, (4) any additional employees serving in the role of PEO or PFO and 5) two additional individuals who would have been included but for the fact they were not serving as officers at the end of the last fiscal year. The Company has determined the following named executive officers of the Company constitute SEOs: Mr. Cloutier, Ms. Hail, Mr. Landry, Mr. McLemore, and Mr. Nichols, and they are the same group of executives included in the Company's definition of NEOs.

Unnecessary and Excessive Risk. In accordance with the regulatory restrictions and guidance, the Company has taken the following steps to prevent incentivizing SEOs from taking unnecessary and excessive risks that threaten the value of the Company during the period the Treasury holds the Securities:

- the Committee (i) by 90 days after the purchase under the CPP reviewed the SEOs' incentive and bonus compensation arrangements with the senior risk officer (or other personnel that act in a similar capacity) to ensure that the SEO incentive arrangements do not encourage SEOs to take such unnecessary and excessive risks and (ii) made reasonable efforts to limit any features of the SEOs' incentive arrangements that would lead the SEO to take such unnecessary and excessive risks;
- the Committee must meet at least annually, while Treasury holds the Securities, with the senior risk officer to review the relationship between the institution's risk management policies and the SEO incentive arrangements;
- the Committee, comprised entirely of independent directors, must meet at least semi-annually, while Treasury holds the Securities, to discuss and evaluate employee compensation plans in light of an assessment of any risk posed from such plans; and
- the Committee must certify in the Personnel Committee Report included in the Company's proxy statement that it has completed the reviews discussed in the prior two bullet points.

General Prohibition. ARRA included an additional compensation standard prohibiting the use of any compensation plan that encourages manipulation of reported earnings.

Prohibition on Bonus, Retention Awards or Incentive Compensation. During the period the Treasury holds the Securities, the Company will be prohibited from paying or accruing any bonus, retention award or incentive compensation to the most highly compensated employees (“MHCE”), for the applicable period. These restrictions do not apply to “long term” restricted stock that (1) does not “fully” vest while the Securities remain outstanding, (2) has a value that is one-third or less of the total amount of annual compensation of the employee receiving the restricted stock, and (3) is subject to such other terms and conditions as Treasury may determine is in the public interest.

Clawbacks. Any incentive or bonus payments paid to an SEO and the next 20 MHCE during the period that the Treasury holds the Securities must be subject to a “clawback” if the payments were based on materially inaccurate financial statements or any other materially inaccurate financial performance metric criteria.

Golden Parachute Payment Prohibition. The Company may not make any “golden parachute payments” to SEOs or the next five MHCE during the period the Treasury holds the Securities. For these purposes, the term “golden parachute payment” generally means any payment to a subject individual made on account of any termination from employment.

Tax Gross-Up Payment Prohibition. TARP participation by the Company prohibits tax gross-ups to SEOs and any of the next 20 MHCE.

Deduction Limitations. EESA also applies an amended deduction limitation under Section 162(m) of the Internal Revenue Code to the Company for the period that Treasury holds the Securities. Under this new deduction limitation, the deduction limit for remuneration paid to SEOs during any taxable years was reduced from $1 million to $500,000. The $500,000 deduction limit is computed without regard to “performance-based compensation” and certain deferrals of income.

Limitation on Luxury Expenditures. ARRA requires the Board, during the period that Treasury holds the Securities, to have in place a Company-wide policy prohibiting excessive or luxury expenditures, as identified by the Treasury.

CEO and CFO Certifications of Compliance. ARRA requires the CEO and CFO to provide to the SEC, written certifications of compliance with the EESA and ARRA executive compensation and corporate governance requirements.

As the Committee reviews the Company’s compensation arrangements going forward, it will continue to take into account, and the Company will comply with, the restrictions set forth in EESA and ARRA and related regulations, as they are promulgated.

Financial Restatement. We adhere to Section 304 of the Sarbanes-Oxley Act of 2002 which requires that, if a company is forced to restate its financials the company’s CEO and CFO must give back certain incentives based or equity based compensation received. The Company has also structured, with intention to modify as needed, its 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, the Company would follow necessary guidance and disclosure requirements as outlined in the Dodd-Frank Wall Street Reform and Recovery Act.

Each of the NEOs has signed a compensation modification agreement that specifies any awards made under the AICP plan are subject to clawback or repayment, to the Company should the bonus be paid on statements of earnings, gains, officer statements, loan criteria, or any other criteria that are later proven to be materially inaccurate regardless of whether or not the company or the officer is “at fault.” As new plans are adopted, clawback provisions would be outlined within any such formal plan document.

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, hold a substantial portion 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. The Committee does not have a policy prohibiting executive officers from purchasing or selling options on our stock, engaging in short sales with respect to our stock or trading in puts, calls, straddles, equity swaps or other derivative securities that are directly linked to the Company’s stock. 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 the four other MHCE.

TARP participants are subject to provisions of Section 162(m) (5) of the Internal Revenue Code, which limits the deduction of compensation to $500,000 per year for SEOs. Compensation covered by this limitation includes incentive compensation and deferred compensation. We do not believe that compensation provided in 2010 surpasses the $500,000 level for any of our SEOs.

Tax and Accounting Implications. We consider the tax and accounting implication regarding the delivery of different forms of compensation. We believe that the most efficient form of compensation for the executive officers is cash and, therefore, 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.

PERSONNEL COMMITTEE REPORT

The Personnel 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.

The Personnel Committee also certifies that:

(1) It has reviewed with the senior risk officer the named executive officer ("NEO") compensation plans and has made all reasonable efforts to ensure that these plans do not encourage NEOs to take unnecessary and excessive risks that threaten the value of the Company;
(2) It has reviewed with the senior risk officer the employee compensation plans and has made all reasonable efforts to limit any unnecessary risks these plans pose to the Company; and
(3) It has reviewed the employee compensation plans to eliminate any features of these plans that would encourage the manipulation of reported earnings of the Company to enhance the compensation of any employee.

Submitted by the Personnel Committee:

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

RISK COMMITTEE REPORT

The Risk Committee hereby certifies that it has reviewed the senior executive officer (as defined in U.S. Treasury regulations) ("SEO") compensation arrangements as well as other employee compensation arrangements, to the extent applicable, and has made reasonable efforts to ensure that such arrangements do not encourage SEOs or other employees to take unnecessary and excessive risks that threaten the value of MidSouth Bancorp, Inc. The nature of the SEOs compensation arrangements and other employee compensation measures reviewed, including equity based compensation, non-equity compensation tied to earnings, salary and the employee stock ownership program contributions appear reasonably tied with the positive long-term performance and value of the company and do not appear to create risks that are reasonably likely to have an adverse effect on the company nor to encourage manipulation of reported earnings to enhance the compensation of any employee. It also appears that none of the compensation aggregates reviewed is near the deduction limit, for federal income tax purposes, for compensation for covered SEOs.

Submitted by the Risk Committee:

James R. Davis, Jr., Risk Committee Chairman
Teri S. Stelly, Controller
George Shafer, Compliance
Arleen Bodin, Security
Glenda Montet, Risk Manager
Mike Leatherman, Loan Review
Jay Angelle, Legal Counsel
Larry Miller, Auditor

-34-

SUMMARY COMPENSATION TABLE

The following table sets forth compensation received from the Company for the fiscal year ended December 31, 2010, by its NEOs.

Name and Principal Position (a)	Year (b)	Salary ($) (c)	Bonus ($) (d)	Stock Awards ($) (6) (e)	Option Awards ($) (f)	Non-Equity Incentive Plan Compensation ($) (4) (g)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (h)	All Other Comp. ($) (5) (i)	Total ($) (j)
C. R. Cloutier	2010	325,000	0	16,250	0	0	0	109,441	450,691
President & Chief Executive	2009	200,000	0	0	0	0	0	91,550	291,550
Officer	2008	200,000	100	0	0	108,938	0	94,850	403,888
Karen L. Hail	2010	157,000	100	7,850	0	954	0	87,467	253,371
Senior Executive VP & Director of Asset Procurement	2009	157,000	0	0	0	33,469	0	73,492	263,961
(1)	2008	157,000	100	0	0	54,469	0	79,208	290,777
Donald R.	2010	22,223	0	0	0	0	0	11,242	33,465
Landry Senior Executive VP & Chief Lending	2009	154,000	0	0	0	24,098	0	34,196	212,294
Officer (2)	2008	154,000	100	0	0	39,218	0	37,622	230,940
James R. McLemore Senior Executive VP & Chief Financial	2010	210,000	8,100	10,500	0	1,276	0	22,604	252,480
Officer	2009	91,625	50,000	0	0	11,813	0	35,086	188,524
John R.	2010	145,503	40,100	6,500	0	1,339	0	26,419	219,861
Nichols Executive VP & Chief Credit	2009	118,001	5,000	0	0	90	0	8,118	131,209
Officer (3)	2008	117,375	100	0	0	100	0	12,481	130,056

(1) Ms. Hail is no longer an employee of MidSouth Bank, N.A. effective March 31, 2011.
(2) Mr. Landry resigned from his position and terminated employment as of January 25, 2010.

(3) Mr. Nichols was promoted to Executive Vice President & Chief Credit Officer during 2010.
(4) Amounts paid out pursuant to the Company's 2010 Annual Incentive Plan for cash-based awards earned during the 2010 plan period.
(5) All other 2010 compensation for NEOs includes the total of benefit and perquisite amounts as listed in the table below.
(6) Restricted stock awards were granted at fair value on a discretionary, one-time basis during 2010.

-35-

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, 2010, by its NEOs.

Name	Auto Expense ($)	Board of Director Fees ($)	Cell Phone/ PDA ($)	Club Member ship ($)	Company Contri- bution – EISCP ($)	ESOP Co. Contri- bution ($)	Imputed Income - Split Dollar Life Insurance ($)	Supple- mental Life Insurance Premiums ($)	Dividends ($)	Supple-mental Disability Ins ($)	Uniform Allow- ance ($)	Housing Relocati ($)
C.R. Cloutier	151	53,700	1,697	6,585	26,289	9,616	696	3,161	178	6,768	600	
Karen L. Hail	1,626	44,200	1,331	713	23,104	7,112	689	3,367	86	4,739	500	
Donald R. Landry	n/a	500	83	656	8,978	n/a	533	274	n/a	218	n/a	
James R. McLemore	1,042	n/a	1,302	1,620	n/a	n/a	n/a	n/a	115	n/a	500	18,
John R. Nichols	2,415	n/a	1,002	1,980	n/a	7,580	n/a	5,770	71	7,101	500	

GRANTS OF PLAN-BASED AWARDS

The Grants of Plan Based Awards Table discloses the total number of equity and non-equity incentive based plan awards granted for the 2010 plan year and the payout opportunity for 2010.

Named Executive Officer	Plan Name (4) (5)	Grant Date Cash (6)	Grant Date Equity	Non-Equity Incentive Plan Opportunity for Most Recently Completed Fiscal Year Actual (3)	Threshold	Target	Maximum	All Other Stock Awards (# of shares/Units) (2)	All Other Option Awards (# of options (1)	Exer or Base Price of Awards	Date Equity Fully Vests (1) (2)	Grant Date Fair Value of Stock and Option Awards
C. R. Cloutier	1997 SIP		05/31/02	0					19,998	$6.55	5/31/07	
	2010 AIP		06/30/10	0				1,273			6/30/13	$12.77
John R. Nichols	1997 SIP		12/14/05	0					1,313	$20.88	12/14/10	
	2010 AIP	10/15/10	06/30/10	1,339	3,250	6,500	Discretionary	509			6/30/13	$12.77
Karen L. Hail	2010 AIP	04/15/10	06/30/10	954	3,925	7,850	Discretionary	615			6/30/13	$12.77
James R. McLemore	2010 AIP	04/15/10	06/30/10	1,276	4,875	9,750	Discretionary	822			6/30/13	$12.77

(1) All options listed above vested at a rate of 20% per year over a five-year period from the date of grant.
(2) Restricted stock awards are on a three-year cliff vesting period from the date of grant. Represents a single, time-vested grant award.
(3) Non-equity incentive actual less than threshold as only one of three eligible incentive categories resulted in an award earned and subsequently paid out.
(4) 1997 Stock Incentive Plan--awards were granted in the form of Incentive Stock Options (ISO).
(5) Discretionary restricted stock awards in compliance with 2007 Omnibus Incentive Compensation Plan guidelines.
(6) Regional President cash-based award earned by John R. Nichols in Q1-2010 and paid in Q3-2010.

-36-

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The Outstanding Equity Awards at Fiscal Year End Table reflects each NEOs unexercised option award holdings at December 31, 2010 on an individual award basis.

	Option Awards					Stock Awards				
Named Executive Officer (a)	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (c)	Equity Incentive Plan Awards Number of Securities Underlying Unearned Options (#) (d)	Option Exercise Price ($) (e)	Option Expiration Date (f)	Number of Securities or Stock Units Not Vested (#) (3) (g)	Market Value of Shares or Stock Units Not Vested ($) (3) (h)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights Not Vested (i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights Not Vested (j)	Options Vesting Date (1) (2) (k)
C. R. Cloutier	19,998	0	0	$6.55	5/31/12	1,272.51	$16,249.95	n/a	n/a	5/31/07
John R. Nichols	1,313	0	0	$20.88	12/14/15	509.01	$6,500.06	n/a	n/a	12/14/10
Karen L. Hail	0	0	0	n/a	n/a	614.72	$7,489.97	n/a	n/a	n/a
James R. McLemore	0	0	0	n/a	n/a	822.24	$10,500.00	n/a	n/a	n/a

(1) All options listed above vest at a rate of 20% annually over a five-year period from the date of grant.
(2) Remaining exercisable options for John Nichols granted in 2005 equity award are vested as of 12/14/10.
(3) Grant of restricted stock with three-year cliff vesting date of 06/30/13 for Mr. Cloutier, Mr. Nichols, Ms. Hail and Mr. McLemore.

OPTION EXERCISES AND STOCK VESTED

		Option Awards				
Named Executive Officer (1)	Grant Date	# of Shares Acquired on Exercise	Date of Exercise	Stock Price on Date of Exercise	Strike Price of Option	Value Realized on Exercise
C. R. Cloutier	5/31/02	4,816	12/29/10	$15.47	$6.55	$42,958.72
John R. Nichols	2/10/03	1,985	4/16/10	$16.41	$8.62	$15,463.15

PENSION BENEFITS

The Company does not provide employees with retirement benefits reportable under this table. The Executive Indexed Salary Continuation Agreements with the NEOs are considered defined contribution plans and are reported under the Nonqualified Deferred Compensation Table.

NONQUALIFIED DEFERRED COMPENSATION TABLE

The Nonqualified Deferred Compensation Table reflects the activity during the 2010 calendar year for each of the NEOs eligible for our deferred compensation benefit plans.

Named Executive Officer	Plan Name (1)	Executive Contributions	Employer Contributions in Last Fiscal Year	Aggregate Earnings in Last Fiscal Year	Aggregate Withdrawals / Distributions	Aggregate Balance At End of Last Fiscal Year
C R Cloutier	DDCP	$0.00	$0.00	$111,101.00	$0.00	$986,342.00
C R Cloutier	EISCP	$0.00	$26,289.00	$0.00	$0.00	$109,321.00
Karen L Hail	DDCP	$0.00	$0.00	$71,293.00	$0.00	$632,617.00
Karen L Hail	EISCP	$0.00	$23,104.00	$0.00	$0.00	$93,871.00
Donald R Landry	EISCP	$0.00	$8,978.00	$0.00	$0.00	$69,215.00

(1) The DDCP is invested in our common stock. Earnings are based on the increase 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. Cloutier, and previously provided Ms. Hail and Mr. Landry with an Executive Indexed Salary Continuation Agreement, which establishes a Pre-Retirement Account. Upon the executive officer reaching normal retirement age, he or she will receive payment as designated by the accrued amounts within the account and these payments will be disbursed in the form of annual cash installments over 10 years. These accounts were 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).

In addition to the deferred compensation provided under the Executive Indexed Salary Continuation Agreement, we provide a Director's Deferred Compensation Plan to all Company directors, including NEOs, serving on our Board.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL

The discussion and tables below reflect the estimated amount of compensation that Mr. Cloutier would be entitled to in the event of termination his employment. The amounts shown assume a termination date of December 31, 2010. Amounts do not include compensation and benefits available to all of the Company's general employees on a non-discriminatory basis. The ARRA prohibits all golden parachute payments with the exception of benefits already earned or accrued, and payments in the event of a death or disability for TARP participants. In the tables below, we show both the payments allowed as a TARP participant and potential payments after the Company no longer has TARP funds.

-38-

-38-

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	$0	$0	$0	$0	$0	$400,000
Supplemental Long-Term Disability Benefit (2)	$0	$0	$0	$0	$108,981	$0
Executive Indexed Salary Continuation Benefit (2)	$114,130	$0	$114,130	$126,509	$114,130	$114,130
Split-Dollar Life Insurance	$0	$0	$0	$0	$0	$440,390
Total	$114,130	$0	$114,130	$126,509	$223,111	$954,520
Total Allowable Per ARRA Restrictions	$114,130	$0	$114,130	$114,130	$223,111	$954,520

(1) All figures based on appropriate present value discounting and/or account balances as provided by current administrators of each plan type.
(2) Present value of benefit calculated using 120% of the semi-annual compounded short-term AFR as of December 2010 (0.38%). Amounts are projected benefits and are subject to change.

Upon voluntary resignation and in the event of involuntary termination without cause, Mr. 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. 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.

Upon long-term disability, Mr. Cloutier will receive the benefit presented in the table as specified under his supplemental long-term disability policy. Mr. 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. Cloutier's beneficiaries will receive the benefit as defined under his supplemental life insurance policy and shall be entitled to an amount equal to 80% of the net at risk insurance portion of the proceeds of the whole life policy associated with the EISCP. 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.

-39-

-39-

Explanation of Responses:

The discussion and tables below reflect the estimated amount of compensation that Ms. Hail would have been entitled to assuming a termination date of December 31, 2010. Ms. Hail is no longer employed as of March 31, 2011; therefore, she would not be entitled to any material compensation other than listed below.

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
Karen L. Hail						
Cash Severance Payment	$0	$0	$0	$0	$0	$0
Supplemental Life Insurance Death Benefit	$0	$0	$0	$0	$0	$500,000
Supplemental Long-Term Disability Benefit	$0	$0	$0	$0	$742,937	$0
Executive Indexed Salary Continuation Benefit	$97,925	$0	$97,925	$195,106	$97,925	$97,925
Split-Dollar Life Insurance	$0	$0	$0	$0	$0	$610,171
Total	$97,925	$0	$97,925	$195,106	$840,862	$1,208,096
Total Allowable Per ARRA Restrictions	$97,925	$0	$97,925	$195,106	$840,862	$1,208,096

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

Under the EISCP, Ms. Hail will receive the balance in her pre-retirement account paid out in equal installments over a ten-year period beginning at age 65. Present value of applicable benefits calculated using 120% of the semi-annual compounded mid-term AFR as of December 2010 (1.82%). Amounts are projected benefits and are subject to change.

Compensation and/or Benefits Payable Upon Termination	Resignation Effective 1-25-2010
Donald R. Landry	
Executive Indexed Salary Continuation Benefit	$44,374

Under the EISCP, Mr. Landry will receive the balance in his pre-retirement account paid out in equal installments over a ten-year period beginning at age 65 due to his voluntary resignation. The present value of this benefit shown above is calculated using 120% of the semiannually compounded mid-term AFR as of December 2010

(4.2%). Amounts are projected benefits and are subject to change.

Under the Stock Incentive Plan, all unvested stock options, stock appreciation rights, and shares of restricted stock shall become fully vested upon a change in control, as defined in the plan document. No NEOs have any unvested stock options, or stock appreciation rights. The 2010 restricted stock award is scheduled to cliff vest for each NEO on June 30, 2013.

If we terminate any of the NEOs for cause, we shall have no obligations to the executive after the date of termination.

-40-

DIRECTOR COMPENSATION

The following table sets forth the compensation paid to each of our directors for the 2010 calendar year.

Director Name (a)	Fees Earned or Paid in Cash ($) (1) (b)	Stock Awards ($) (3) (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.	$69,200	0	0	0	0	0	$69,200
James R. Davis Jr.	$56,500	0	0	0	0	0	$56,500
J.B. Hargroder, M.D.	$54,900	0	0	0	0	0	$54,900
Clayton Paul Hilliard	$32,400	0	0	0	0	0	$32,400
Milton B. Kidd III, O.D.	$32,000	0	0	0	0	0	$32,000
Timothy J. Lemoine	$41,800	0	0	0	0	0	$41,800
R. Glenn Pumpelly	$44,100	0	0	0	0	0	$44,100
William M. Simmons	$43,100	0	0	0	0	0	$43,100
Joseph V. Tortorice, Jr.	$27,730	0	0	0	0	0	$27,730
C.R. Cloutier	$53,700	0	0	0	0	0	$53,700
Karen L. Hail	$44,200	0	0	0	0	0	$44,200

(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. Also included are fees for serving on the Texas Region Board of Directors of MidSouth Bank, as 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) C.R. Cloutier and Karen L. Hail were both executive officers of the Bank during 2010. Both were eligible and earned restricted stock awards for their service as executive officers. No other directors have equity grants awarded during 2010.

-41-

2010 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.

2010 Summary of Board Fee Schedule

Monthly Board Service Fee (Retainer)		
Holding Company Board		$750
Bank Board		$250
Additional Monthly Fees per Responsibility		
Board Chair		$900
Board Vice-Chair		$450
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 – 2010 Amendment & Restatement

In December 2010, the Company amended and restated the MidSouth Bancorp, Inc. Deferred Compensation Plan (the "Plan"). The Plan allows for participation by any member of the Board of Directors of the Company or the board of any of its subsidiaries. This Plan, as was previously will be administered by the Executive Committee of the Board. To participate in the Plan, the Director executes a Deferral Authorization form in which the Director agrees to defer all or a specified percentage of his/her fees payable for the services as a member of the Board or a participating subsidiary. The Plan 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 Plan. MidSouth Bank, N.A., a subsidiary of the Company, will serve 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. As was previously the case, 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 plan and shall be made (a) 60 days after the later (i) the date on which a Director ceases providing services to the Employer 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 this Plan including but not limited to contributions and distributions in accordance with applicable laws and other regulatory guidelines.

-42-

2010 Board of Director Structure & Activity

The following chart details the composition of the Board and its committees and also includes the number of meetings held by each group in 2010:

Director	Independent Director	Holding Company Board	Bank Board	Committees of the Holding Company Board: Audit	Personnel	Exec	Corp Gov & Nom
Will Charbonnet Sr.	Yes	Chair	Chair	Member	Chair	Chair	Member
James R. Davis Jr.	Yes	Member	Member	Chair	Member		
J.B. Hargroder, M.D.	Yes	Vice-Chair	Vice-Chair		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	
William M. Simmons	Yes	Member	Member				Member
Joseph V. Tortorice, Jr.	Yes	Member	Member		Member	Member	
C.R. Cloutier	No	Member	Member			Member	
Karen L. Hail	No	Member	Member				
Total Members as of 12/31/2010		11	11	4	5	5	4
Number of Meetings Held in 2010		15	11	8	14	10	2

-43-

AUDIT COMMITTEE REPORT

Our Audit Committee is composed of four non-employee directors. The Board has made a determination that its members satisfy NYSE Amex's 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 61 (Codification of Statements on Auditing Standards, AU Section 380). The Committee also received the written disclosures and the letter from the independent auditors required by 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, 2010 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.

RELATIONSHIP WITH INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

Principal Accountant

The Audit Committee of the Board of Directors has appointed the firm of Porter Keadle Moore, LLP, 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, 2011.

Representatives of Porter Keadle Moore, LLP 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, 2010 and 2009, Porter Keadle Moore, LLP performed the following professional services.

Description		2010		2009
Audit Fees	$	245,907	$	287,427
Audit-Related Fees		-		-
Tax Fees		-		-
All Other Fees		-		-

Audit Fees include aggregate fees billed for professional services rendered by Porter Keadle Moore, LLP for the audit of the Company's annual consolidated financial statements for the years ended December 31, 2010 and 2009, including the audit of internal control over financial reporting; review of the annual report on Form 10-K; and review of quarterly condensed consolidated financial statements included in periodic reports filed with the SEC, including out of pocket expenses. Included in the $287,427 of audit fees billed in 2009 was $53,500 in capitalized expenses associated with the review of regulatory filings. The regulatory filing included documents filed with the SEC related to the issuance of Series A preferred stock on Form S-3 and the issuance of common stock on Form S-1.

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, LLP in 2010.

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, 2010, 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 22, 2011

-46-

Annex A

PROPOSED AMENDMENT TO THE
AMENDED AND RESTATED ARTICLES OF INCORPORATION
OF
MIDSOUTH BANCORP, INC.

Below is the proposed amendment to the Amended and Restated Articles of Incorporation of MidSouth Bancorp, Inc.. If the proposed amendment is adopted, this language would replace current subpart H of Article IV of MidSouth's Amended and Restated Articles of Incorporation in its entirety.

H. Board Nominations. Unless otherwise permitted by applicable law, only persons who are nominated in accordance with the procedures set forth in this Article IV(H) shall be eligible for election as directors. Nominations of persons for election to the Board of Directors of the Corporation may be made at a meeting of shareholders by or at the direction of the Board of Directors or by any shareholder of the Corporation entitled to vote at such meeting for the election of directors who meets the eligibility requirements and has complied with the procedures set forth in this Article IV(H). The following requirements must be satisfied in order for a shareholder or shareholder group to be entitled to nominate a person for election to the Board of Directors of the Corporation:

(1) The nominating shareholder individually, or the nominating shareholder group in the aggregate, must hold at least 3% of the total voting power of the Corporation's securities that are entitled to be voted on the election of directors at the annual (or a special meeting in lieu of the annual) meeting of shareholders or on a written consent in lieu of such meeting, on the date the nominating shareholder or nominating shareholder group provides the Corporation with notice of such nomination;

(2) The nominating shareholder or each member of the nominating shareholder group must have held the amount of securities that are used for purposes of satisfying the minimum ownership requirement of paragraph (1) above continuously for at least three years as of the date the notice of such nomination is transmitted to the Corporation and must continue to hold that amount of securities through the date of the subject election of directors;

(3) The nominating shareholder or each member of the nominating shareholder group must provide proof of ownership of the amount of securities that are used for purposes of satisfying the ownership and holding period requirements of paragraphs (1) and (2) of above. If the nominating shareholder or each member of the nominating shareholder group is not the registered holder of the securities, the nominating shareholder or each member of the nominating shareholder group must provide proof of ownership in the form of one or more written statements from the registered holder of the nominating shareholder's securities (or the brokers or banks through which those securities are held) verifying that, as of a date within seven calendar days prior to transmitting the notice of such nomination to the Corporation, the nominating shareholder or each member of the nominating shareholder group, continuously held the amount of securities being used to satisfy the ownership threshold for a period of at least three years.

(4) The nominating shareholder or each member of the nominating shareholder group must provide a statement, on the date the notice of such nomination is transmitted to the Corporation, that the nominating shareholder or each member of the nominating shareholder group intends to continue to hold the amount of securities that are used for purposes of satisfying the minimum ownership requirement of paragraph (1) above through the date of the meeting;

(5) The nominating shareholder or each member of the nominating shareholder group must provide a statement, on the date the notice of such nomination is transmitted to the Corporation, regarding the nominating shareholder's or group's

intent with respect to continued ownership of the registrant's securities after the election;

(6) The nominating shareholder (or where there is a nominating shareholder group, each member of the nominating shareholder group) must not be holding any of the Corporation's securities with the purpose, or with the effect, of changing control of the Corporation;

A-1

(7) There must not be an agreement with the Corporation regarding the nomination of the nominee with the nominee or the nominating shareholder (or where there is a nominating shareholder group, any member of the nominating shareholder group);

(8) The nominee's candidacy or, if elected, board membership would not violate controlling federal law, state law, foreign law, or rules of a national securities exchange or national securities association (other than rules regarding director independence) or, in the case that the nominee's candidacy or, if elected, board membership would violate such laws or rules, such violation could not be cured within 14 calendar days of the date of notice of such potential violation delivered by the Corporation to the nominating shareholder or shareholder group;

(9) The nominee must meet the objective criteria for "independence" of the national securities exchange or national securities association rules applicable to the Corporation, if any;

(10) The nominating shareholder or nominating shareholder group must provide its nomination to the Corporation no earlier than 150 calendar days, and no later than 120 calendar days, before the anniversary of the date that the Corporation mailed its proxy materials for the prior year's annual meeting, except that, if the Corporation did not hold an annual meeting during the prior year, or if the date of the meeting has changed by more than 30 calendar days from the prior year, or if the registrant is holding a special meeting or conducting an election of directors by written consent, then the nominating shareholder or nominating shareholder group must transmit the nomination to the Corporation a reasonable time before the Corporation mails its proxy materials; and

(11) The nominating shareholder or nominating shareholder group provides the following information and certifications on the date the notice of such nomination is transmitted to the Corporation: (a) the name of the shareholder making such nomination, or if a group, the name of each shareholder in such nominating group; (b) the business address, or if none, residence of the nominating shareholder or members of a nominating group; (c) a statement that the nominee, if elected, consents to serve on the Board of Directors; (d) the disclosures regarding the nominee that would be required with respect to a director nominee required by Schedule 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or any successor schedule thereto; (e) a description of any agreements, arrangements or relationships between the nominating shareholder or nominating group giving the notice and the nominee; (f) a statement regarding whether the nominating shareholder or any member of the nominating group has been involved in any litigation adverse to the Corporation or any of its subsidiaries within the past ten years and, if so, a description of such litigation; and (g) a statement that, to the best of the nominating shareholder's or nominating group's knowledge, such nominee meets the Corporation's director qualification standards then in effect.

Explanation of Responses: